

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
ACCOUNTS FOR THE YEAR ENDED
31st JULY 1998

GREAVES WEST & AYRE
CHARTERED ACCOUNTANTS
BERWICK UPON TWEED

Company Number :
575515



ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

Company Number :
575515

Directors :
C.G. Manners (Chairman)
D.S. Frater (Vice-Chairman)
H. Tulip (Resigned 14th July 1998)
I.C. Manners
W.A. Curry
H. Annett

Secretary :
Miss K. Hill

General Manager :
G.W. Potts

Bankers :
Lloyds Bank P.L.C.
Alnwick
Northumberland

Auditors :
Greaves West and Ayre
Chartered Accountants and
Registered Auditors
Berwick upon Tweed
Northumberland
TD15 1EW

Registered Office :
Acklington Auction Mart
Acklington
Morpeth
NE65 9SU

ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

DIRECTORS REPORT FOR THE YEAR ENDED 31st JULY 1998

Directors

C.G. Manners (Chairman)
D.S. Frater (Vice-Chairman)
H. Tulip (Resigned 14th July 1998)
I.C. Manners
W.A. Curry
H. Annett

The directors submit their report and accounts for the year to
31st July 1998

**Responsibility for the Preparation
of the Financial Statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit or loss for the financial year. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Principal Activities and Business Review

The company's principal activity continues to be that of livestock auctioneers, valuers and estate agents.

The company was trading at a satisfactory level of profit until the B.S.E. scare in early 1996. Since then the number of cattle being sold through the mart has dropped which has had a detrimental effect on profitability. The company has acted as agent for the sale of over thirty month old cattle and this has improved the company's financial performance.

The company's income has further decreased as a result of the poor prices obtained for sheep, as well as cattle, over the past year.

The directors do not envisage any significant change in the level of the company's activities in the near future.

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
DIRECTORS REPORT CONTINUED

	<u>1997</u>	<u>1998</u>
Results and Dividends		
Profit/(loss) for the financial year	19468	(27279)
Transfer (to)/from bad debt reserve	(14829)	3868
Retained profit/(absorbed loss)	<u>4639</u>	<u>(23411)</u>

The directors do not propose that a dividend be payable. (1997 Nil).

Fixed Assets

The directors consider the market value of the company's property to be not less than the book value shown in the accounts.

Directors Interests

a) The Shares of the Company	31.7.97	31.7.98
C.G. Manners (Chairman)	870	400
D.S. Frater (Vice-Chairman)	350	350
H. Tulip (Resigned 14th July 1998)	350	450
I.C. Manners	500	500
W.A. Curry	300	300
H. Annett	120	320

b) Other Interests

The amounts of commission earned by the directors on sales by the directors via their independent farming operations requiring disclosure under Schedule 6 of the Companies Act 1985 are given below :-

C.G. Manners	3585
D.S. Frater	4619
H. Tulip (Resigned 14th July 1998)	4592
I.C. Manners	399
W.A. Curry	913
H. Annett	3851

c) Directors Due to Retire

D.S. Frater and I.C. Manners, being due to retire by rotation both offer themselves for re-election.

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
DIRECTORS REPORT CONTINUED

Year 2000

In the directors opinion all appropriate steps are being undertaken to ensure that all computerised and electronic devices are or have been upgraded to ensure their compliance with the year 2000 issues.

It is impossible to guarantee that no year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

Auditors

A resolution to re-appoint Messrs Greaves West and Ayre as auditors will be proposed at the Annual General Meeting.

By Order of the Board

.....*K. Hill*.....
Miss K. Hill

DATE ..8/12/98:...

Secretary

AUDITORS REPORT TO THE MEMBERS OF
ALNWICK FARMERS LIVESTOCK AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DATE..... 8th December 1998

Greaves West & Ayre

**GREAVES WEST & AYRE
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS
BERWICK UPON TWEED**

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
BALANCE SHEET AS AT 31st JULY 1998

<u>1997</u>		<u>Notes</u>	
	FIXED ASSETS		
414,283	Tangible assets	2	397,556
101	Investments	3	101
<u>414,384</u>			<u>397,657</u>
	CURRENT ASSETS		
12,017	Trading stock	4	35,186
609,089	Debtors	5	483,783
38,015	Cash at bank and in hand		10,411
<u>659,121</u>			<u>529,380</u>
	CREDITORS		
439,382	Amounts falling due within one year	6a	320,445
<u>219,739</u>	NET CURRENT ASSETS		<u>208,935</u>
<u>634,123</u>	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>606,592</u>
	CREDITORS		
8,181	Provision for liabilities and charges	7	7,929
<u>625,942</u>			<u>598,663</u>

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
BALANCE SHEET AS AT 31st JULY 1998

<u>1997</u>		<u>Notes</u>	
	CAPITAL AND RESERVES		
30,000	Called up share capital	8	30,000
254,340	Revaluation reserve		254,340
309,957	Profit and loss account		286,546
31,645	Bad debt reserve		27,777
<u>625,942</u>	SHAREHOLDERS' FUNDS	9	<u>598,663</u>

C.G. Manners
..... Director
C.G. Manners

Douglas Frater
..... Director
D.S. Frater

DATE... *8th December 1998*

ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st JULY 1998

<u>1997</u>		<u>Notes</u>	
390,615	Turnover	10	315,360
(400,212)	Administration Expenses		(367,641)
(9,597)			(52,281)
23,438	Bad Debt Levy		20,380
19,676	Other Operating Income	11	3,179
43,114			23,559
33,517	Operating Profit(Loss)	12	(28,722)
49	Interest Receivable	13	45
(6,116)	Interest Payable	14	(2,667)
	Profit(Loss) From Ordinary		
27,450	Activities Before Taxation		(31,344)
7,982	Taxation	15	(4,065)
	Profit(Loss) for the Financial		
19,468	Year		(27,279)
	Transfer (to)/from Bad Debt		
(14,829)	Reserve	16	3,868
4,639	Profit/(Loss) For The Year		(23,411)
305,318	Retained Profits Brought Forward		309,957
309,957	Retained Profits Carried Forward		286,546

There were no further gains or losses during the period other than those shown above.

All gains or losses resulted from continuing activities.

ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st JULY 1998

1997

	Net Cash Inflow/(Outflow) from Operating	
(53031)	Activities	77478
	Returns on Investments and Servicing of Finance	
49	Interest receivable	45
(6116)	Interest payable	(2667)
(6067)		(2622)
	Taxation	
(4661)	Corporation tax paid	(10370)
	Capital Expenditure	
(3353)	Purchase of fixed assets	(6260)
8000	Sale of fixed assets	-
4647		(6260)
(59112)	Increase/(Decrease) In Cash	58226

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES TO THE CASH FLOW STATEMENT

	<u>1997</u>	<u>1998</u>
1. Reconciliation of Operating Profit to Net Cash		
<u>Inflow/(Outflow) from Operating Activities</u>		
Operating profit/(loss)	33517	(28722)
Profit on sale of fixed assets	(1126)	-
Depreciation	25953	22987
(Increase)/decrease in stocks	950	(23169)
(Increase)/decrease in debtors	(111827)	129267
Increase/(decrease) in creditors	(498)	(22885)
	<u>(53031)</u>	<u>77478</u>
2. Analysis of Charges in Net Debt		
Opening balances	(278711)	(337823)
Net cash inflow/(outflow)	(59112)	58226
Closing balances	<u>(337823)</u>	<u>(279597)</u>

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31st JULY 1998

1. Accounting Policies

a) Basis of Accounting

The accounts are prepared under the historical cost convention, modified by the revaluation of freehold properties, and in accordance with applicable accounting standards.

b) Depreciation

Depreciation is provided on all tangible assets in use, other than freehold land, at rates calculated to write off the cost or valuation of each assets over their estimated useful lives. The following rates are used :-

Freehold Buildings		Straight line over 30 years
Mart Equipment	20% - 33%	p.a. on reducing balance
Office and Canteen Equipment	10%	p.a. on reducing balance
Computer Equipment and Licences	25%	p.a. on reducing balance

c) Turnover

Turnover consists of commissions and fees earned together with net trading surplus, all exclusive of value added tax.

d) Leased Assets

The company leases certain motor vehicles on operating leases and the payments on these leases are charged to the profit and loss account over the period of the agreements.

e) Operating Licences

Software operating licences are capitalised and depreciated over their estimated useful life.

f) Deferred Taxation

The company's policy is to provide for deferred taxation in full at a rate of 21% on all timing differences due to accelerated taxation allowances.

g) Stocks

Stocks are stated at the lower of cost and net realisable value.

ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

2. Fixed Assets

	Freehold Property	Plant and Machinery	Office, Computer and Canteen Equipment	Total
Cost				
Brought Forward	425000	120308	43954	589262
Additions	-	-	6260	6260
	425000	120308	50214	595522
Depreciation				
Brought Forward	64998	82914	27067	174979
Charge this Year	10833	8717	3437	22987
	75831	91631	30504	197966
Net Book Value 1998	349169	28677	19710	397556
Net Book Value 1997	360002	37394	16887	414283

Property Revaluation

The Company's freehold land and property were valued by Messrs J.M. Clark and Partners, Chartered Surveyors, on an existing use basis at £425,000 on 1st July 1991. Included within this total is land valued at £100,000 which is not depreciated.

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1997</u>	<u>1998</u>
3. Trade Investments		
100 Ordinary £1 shares in Cheviot Farmers 100		100
Trading Company Limited		
Lean Management Company Limited	1	1
	<u>101</u>	<u>101</u>
4. Stock		
Trading stock	<u>12017</u>	<u>35186</u>
5. Debtors		
Trade debtors	599316	468986
Other debtors	-	3961
Prepayments	9773	10836
	<u>609089</u>	<u>483783</u>
6. Creditors		
a) Due Within One Year		
Bank overdraft (See below)	375838	290008
Trade creditors	9758	3946
Corporation tax	10221	-
Other taxes and social security	15236	11343
Accruals	16040	8159
Other creditors	489	489
Provision for directors fees	6500	6500
Hire purchase creditor	5300	-
	<u>439382</u>	<u>320445</u>

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1997</u>	<u>1998</u>
Creditors Continued		
Bank Overdraft		
Balance per statement	(25786)	(32448)
Less : Unpresented purchase ledger cheques	(6459)	(10128)
	<u>(32245)</u>	<u>(42576)</u>
Less : Unpresented sales book cheques	(343593)	(247432)
	<u>(375838)</u>	<u>(290008)</u>

The bank overdraft is secured by a charge over the company's property.

7. Provisions for Charges and Liabilities

Deferred Taxation

Brought forward	10420	8181
Transfer for current year	(2239)	(252)
	<u>8181</u>	<u>7929</u>

8. Share Capital

Authorised

30000 Ordinary £1 shares	<u>30000</u>	<u>30000</u>
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Allotted, Called Up and Fully Paid

30000 Ordinary £1 shares	<u>30000</u>	<u>30000</u>
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ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES FORMING PART OF THE ACCOUNTS CONTINUED

9. Statement of Movements on Reserves

	Revaluation Reserve	Profit and Loss Account	Bad Debt Reserve
Balances brought forward	254340	309957	31645
Loss for the financial year	-	(27279)	-
Transfer from bad debt reserve	-	3868	(3868)
Balances carried forward	254340	286546	27777

1997 1998

10. Turnover

Analysis of turnover by activity :-

Throughput of mart	14,986,943	10,326,864
Commission earned	348272	285049
Services provided to other marts	39751	28164
Certifying fees	1977	1312
Other fees and income	615	835
	390615	315360

11. Other Operating Income

Profit on sale of fixed assets	1126	-
Bad debt recovery	11301	-
Other income	7249	3179
	19676	3179

ALNWICK FARMERS LIVESTOCK
AUCTION COMPANY LIMITED
TRADING AS NORTH EAST LIVESTOCK SALES
NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1997</u>	<u>1998</u>
12. Operating Profit is Arrived at After Charging		
Depreciation	25953	22987
Auditors remuneration	3400	3500
Hire of equipment	-	3383
Staff Costs :		
Wages and salaries	183056	174115
Social security costs	11861	12158
Directors Remuneration :		
Fees	6500	6500
Wages	520	466
The average number of employees during the year was :-		
Full time on the company's activities	6	6
Part time (Including directors)	19	19
	<u> </u>	<u> </u>
13. Interest Receivable		
On debtors balances and short term deposits	49	45
	<u> </u>	<u> </u>
14. Interest Payable		
On bank overdraft repayable within 5 years	5974	2667
Hire purchase interest	142	-
	<u>6116</u>	<u>2667</u>
15. Taxation		
Corporation tax :		
On current year at 21%	10221	(3961)
On previous years	-	148
Deferred taxation transfer at 21%	(2239)	(252)
	<u>7982</u>	<u>(4065)</u>

ALNWICK FARMERS LIVESTOCK

AUCTION COMPANY LIMITED

TRADING AS NORTH EAST LIVESTOCK SALES

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1997</u>	<u>1998</u>
16. Transfer (to)/from Bad Debt Reserve		
From levy collected	(23438)	(20380)
Transfers against bad debts incurred	8609	24248
	<u>(14829)</u>	<u>3868</u>

17. Capital Commitments

There were no capital commitments at 31st July 1998.

18. Contingent Liabilities

The directors are not aware of any contingent liabilities as at 31st July 1998.

19. Directors Interests

The amounts of commission earned by the mart on sales by the directors via their independent farming operations requiring disclosure under Schedule 6 of the Companies Act 1985 are given below :-

C.G. Manners	3585
D.S. Frater	4619
H. Tulip	4592
I.C. Manners	399
W.A. Curry	913
H. Annett	3851

20. Other Financial Commitments

At 31st July 1998 the company had annual commitments under non-cancellable operating leases as set out below :-

	<u>1997</u>	<u>1998</u>
Operating leases will expire :-		
Within one year	-	3383
2 to 5 years	-	2819
	<u>-</u>	<u>2819</u>