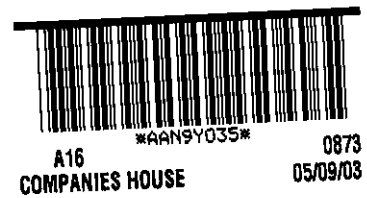


Brightwells Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2002



Brightwells Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C J A Gallimore - Chairman
T C Court - Director
F J A Morgan - Director
M H Rose - Director
T I Parry - Director
R J Grainger - Director
N W Gorst - Director

SECRETARY

R J Grainger

REGISTERED OFFICE

19/21
King Street
Hereford
HR4 9DB

AUDITORS

Baker Tilly
Chartered Accountants
Elgar House
Holmer Road
Hereford
HR4 9SF

Brightwells Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Brightwells Limited for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was as auctioneers and valuers.

REVIEW OF THE BUSINESS

The directors are delighted to report that the company has continued to make progress and that both turnover and profits continue to grow. The company has again made significant performance related Bonuses to many members of staff and the directors believe that this has been a significant factor in driving the business forward. The company continues to follow its three year development plan and despite more difficult trading conditions in the coming year the directors are confident that budget targets will be reached and turnover and profits will continue to grow.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.05 each	
	At 31 December 2002	At 1 January 2002 or later date of appointment
C J A Gallimore	2,750	2,750
T C Court	2,750	2,750
F J A Morgan	2,750	2,750
M H Rose	2,000	2,000
T I Parry	2,100	1,850
R J Grainger	2,050	1,650
N W Gorst	<u>1,900</u>	<u>1,550</u>

N W Gorst was appointed as a director on 1 January 2002.

P W Baldwin retired as a director on 30 June 2002.

FIXED ASSETS

The directors are of the opinion that the market value of freehold land and buildings owned by the company is substantially in excess of the historical cost shown in the balance sheet.

Brightwells Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

Registered office:
19/21
King Street
Hereford
HR4 9DB

By order of the board

A handwritten signature in black ink, appearing to read 'R J Grainger', with a stylized flourish at the end.

R J Grainger

Company Secretary

20 June 2003

Brightwells Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTWELLS LIMITED

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRIGHTWELLS LIMITED (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly.

BAKER TILLY

Registered Auditor
Chartered Accountants
Elgar House
Holmer Road
Hereford
HR4 9SF

20 June 2003

Brightwells Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

	<i>Notes</i>	2002 £	2001 £
TURNOVER	2	3,340,347	2,706,326
Administrative expenses		(4,305,105)	(3,378,085)
Other operating income	3	939,149	859,650
OPERATING PROFIT	4	(25,609)	187,891
Profit on disposal of fixed assets	7	30,852	16,881
		5,243	204,772
Interest receivable		47,340	33,920
Loss on disposal of investments	9	—	(2)
Interest payable	10	(688)	(9,521)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		51,895	229,169
Taxation	11	(27,760)	(38,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		24,135	191,169
Balance brought forward		666,100	474,931
Balance carried forward		690,235	666,100

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Brightwells Limited

BALANCE SHEET

31 December 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Intangible assets	12	7,500	13,249
Tangible assets	13	1,023,190	1,063,516
Investments	14	6,139	1,139
		<u>1,036,829</u>	<u>1,077,904</u>
CURRENT ASSETS			
Debtors	15	1,337,380	1,326,438
Cash at bank		2,936,171	1,509,001
		<u>4,273,551</u>	<u>2,835,439</u>
CREDITORS			
Amounts falling due within one year	16	(4,568,895)	(3,195,993)
NET CURRENT LIABILITIES		<u>(295,344)</u>	<u>(360,554)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>741,485</u>	<u>717,350</u>
CAPITAL AND RESERVES			
Called up equity share capital	20	1,350	1,350
Share premium account		49,900	49,900
Profit and loss account		690,235	666,100
SHAREHOLDERS' FUNDS	21	<u>741,485</u>	<u>717,350</u>

These financial statements were approved by the directors on the 20 June 2003 and are signed on their behalf by:

C J A Gallimore
Director



Brightwells Limited
CASH FLOW STATEMENT
for the year ended 31 December 2002

	<i>Notes</i>	2002 £	2001 £
Net cash flow from operating activities	22	516,081	1,337,276
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		47,340	33,920
Interest paid		(688)	(9,521)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		46,652	24,399
TAXATION		(35,760)	—
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(100,781)	(106,900)
Receipts from sale of fixed assets		126,334	100,500
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		25,553	(6,400)
ACQUISITIONS AND DISPOSALS			
Acquisition of shares in group undertakings		(5,000)	—
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(5,000)	—
INCREASE IN CASH IN THE PERIOD	22	<u>547,526</u>	<u>1,355,275</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

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

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 6 years straight line

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles - 16.7%, 25% and 33% straight line
Fixtures & Fittings - 10%, 14%, 20% and 33% straight line

There is no depreciation charge for freehold land and buildings as the company's policy of regular repair and refurbishment means that with its expected high residual value, the charge would be immaterial.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are expected to crystallise in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

1 ACCOUNTING POLICIES *(continued)*

Consolidation

The company and its subsidiary company comprise a medium sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. These accounts are the accounts of this company only.

2 TURNOVER

Turnover represents commissions receivable by the company, and is stated net of value added tax. It relates only to commissions received by the company, and does not reflect the gross turnover passing through auctions.

3 OTHER OPERATING INCOME

	2002	2001
	£	£
Rent receivable	77,587	75,455
Wages and expenses recovered	18,393	30,361
Catalogues, grading fees, levies, tolls etc	435,753	396,548
Other operating income	407,416	357,286
	<u>939,149</u>	<u>859,650</u>

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Amortisation	2,500	2,500
Depreciation	48,874	46,096
Auditors' remuneration		
- as auditors	11,950	10,500
Operating lease costs:		
Land and buildings	77,587	97,255
Plant and equipment	44,355	25,965
Exceptional costs	57,000	-
Exceptional income	<u>(68,000)</u>	<u>(152,000)</u>

Exceptional costs relates to loans advanced to the company's associated undertaking AFH Brightwells Limited which were written off during the year (see note 19).

Exceptional income comprises insurance receipts relating to the temporary closure of livestock markets as a result of the foot and mouth outbreak, and is included in other operating income.

5 PARTICULARS OF EMPLOYEES

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

	2002	2001
	No	No
Number of administrative staff	10	17
Number of selling staff	54	59
	<u>64</u>	<u>76</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

5 PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	2,029,883	1,545,806
Social security costs	175,863	164,720
Other pension costs	148,715	146,389
	<u>2,354,461</u>	<u>1,856,915</u>

6 DIRECTORS' EMOLUMENTS

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

	2002	2001
	£	£
Emoluments receivable	823,702	500,176
Value of company pension contributions to money purchase schemes	49,898	51,412
	<u>873,600</u>	<u>551,588</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	<u>128,795</u>	<u>69,622</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002	2001
	No	No
Defined benefit schemes	<u>6</u>	<u>8</u>

7 PROFIT ON DISPOSAL OF FIXED ASSETS

	2002	2001
	£	£
Profit on disposal of fixed assets	<u>30,852</u>	<u>16,881</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

8 PENSION COSTS - DEFINED BENEFIT SCHEME

Defined benefit pension scheme

The company operates a pension scheme in the UK providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions funding the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary using the projected unit method, incorporating a 20 year control period. The most recent valuation was 1 August 2002 and updated to 31 December 2002. The

Results

The scheme's assets consist of a Managed Fund policy with Royal & Sun Alliance Linked Insurances Limited, plus investments in the Tilney Balanced Managed Fund Class 2, the Framlington Exempt Balanced Fund Accumulation Units, the OM Gerard Pool Pension Fund Share Class B and the Swiss Life Asset Management Mixed Managed Fund.

The value of the scheme's assets as at 31 December 2002, amounts to £2,105,000. This value does not include the value of annuity policies held in the name of the Trustees nor any money, which may be held in the Trustees' bank account.

The value of the scheme's liability (ignoring the value of liabilities matched by annuity policies held in the name of the Trustees) amounts to £4,122,000 based on the assumptions set out below.

In the absence of any specific direction, the following expected long-term returns, and the respective market values, at 31 December 2002 have been used. The rates do not include an allowance for scheme administration expenses.

<u>Asset Class</u>	<u>2002</u> <u>Expected</u> <u>Rate of</u> <u>Return</u> <u>%</u>	<u>Value</u> <u>£'000</u>	<u>2001</u> <u>Expected</u> <u>Rate of</u> <u>Return</u> <u>%</u>	<u>Value</u> <u>£'000</u>
<u>Royal & Sun Alliance Managed Fund</u>				
Equities (UK and Overseas)	7.5	373	7.5	487
Bonds (Government and Corporate)	5.0	59	5.0	60
Property (UK)	7.0	29	7.0	36
Cash (Cash and Deposits)	4.5	12	4.5	20
<u>Other Investments</u>	7.25	1,632	7.25	1,985
Present Value of Scheme Liabilities		4,122		3,775
Surplus/(Deficit) in the Scheme		<u>(2,017)</u>		<u>(1,187)</u>

The liabilities are based on the benefits in force as at 31 December 2002. A brief description of the benefits is set out in the last Actuarial Valuation report dated 1 August 2002. A full description is set out in the scheme rules.

No constructive obligations for further benefits have been taken into account. That is, it has been assumed that no public statement or past practice by the employer has created a valid expectation in the employees that such benefits will be granted.

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

The figures are based on membership data as at the last renewal date of the scheme, 1 August 2002, adjusted for known leavers since that date.

No allowance has been made for deferred tax.

In the absence of any specific direction, the following assumptions have been used:

	2002 %	2001 %
Discount rate	5.46	5.70
Inflation rate	2.50	2.75
Rate of increase in salaries	4.50	4.75
Rate of increase in pensions in payment	2.50	2.75

The assumptions are based on rates as at the date of the FRS17 valuation.

The discount rate used is based on the yield available on AA-rated 15 year plus Corporate Bonds.

The inflation rate is taken as the rate of increase in retail prices (RPI) as measured by the difference between the yield on long dated government stock and the yield on index linked government stock.

Salaries are assumed to increase at RPI plus 2%.

Pensions in payment in respect of service after 19 September 2000 increase at RPI.

Changes to the assumptions can have a significant impact on the value of liabilities, sometimes resulting in quite volatile results from year to year.

Analysis of the amount chargeable to operating profit

	2002 £'000	2001 £'000
Current service costs	98	n/a
Past service cost	0	n/a
	—	—
Total operating charge	98	n/a
	==	==

Current service cost is the estimated cost of providing members' entitlements for the current accounting period ending 31 December 2002. The figure quoted does not include the cost of any death in service or incapacity benefits. For insured benefits, the cost can be taken as the insurance premium for the period.

Past service cost is the increase, where appropriate, in the value of scheme liabilities at the accounting date arising as a result of the introduction of, or improvement to, retirement benefits.

Analysis of the amount creditable to other finance income

	2002 £'000	2001 £'000
Expected return on pension scheme assets	188	n/a
Interest on pension scheme liabilities	(221)	n/a
	—	—
Net return	(33)	n/a
	==	==

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

Expected return on pension scheme assets is based on the expected rate of return and the market value of assets at the start of the accounting period. It allows for contributions paid into and benefits paid out of the scheme during the period.

Interest on pension scheme liabilities is based on the discount rate and the value of liabilities at the start of the accounting period. It allows for changes in the scheme liabilities during the period.

Analysis of the amount recognisable in the statement of total recognised gains and losses (STRGL)

	2002 £'000	2001 £'000
Actual return less expected return on pension scheme assets	(685)	n/a
Experience gains and losses arising on scheme liabilities	(4)	n/a
Changes in assumptions underlying the scheme liabilities	(145)	n/a
	<hr/>	<hr/>
Actuarial gain recognisable in STRGL	(834)	n/a
	<hr/>	<hr/>

Actual return less expected return on pension scheme assets is the actual return on the assets less the expected return with allowance for contributions paid into and benefits paid out of the scheme during the accounting period.

Experience gains and losses on the scheme liabilities are the difference between actuarial assumptions underlying the scheme liabilities and actual experience during the period.

Changes in assumptions underlying the scheme liabilities reflects the changes made to the actuarial assumptions since the last accounting date.

Analysis of the movement in the scheme surplus during the year

	2002 £'000	2001 £'000
Surplus in scheme at beginning of the year	(1,187)	n/a
Movement in the year:		
Current service cost	(98)	n/a
Contributions	135	n/a
Past service costs	0	n/a
Other finance income	(33)	n/a
Actuarial gain	(834)	n/a
	<hr/>	<hr/>
Surplus in scheme at end of the year	(2,017)	n/a
	<hr/>	<hr/>

There have been no refunds of surplus paid to the employer during the current period.

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

History of experience gains and losses

	2002
Difference between the expected and actual returns on scheme assets:	
amount (£'000)	(685)
percentage of scheme assets	(32.5)
Experience gains and losses on scheme liabilities:	
amount (£'000)	(4)
percentage of the scheme liabilities	(0.1)
Total amount recognised in statement of total recognised gains and losses:	
amount (£'000)	(834)
percentage of the scheme liabilities	(20.2)

31 December 2002

Discount rate	5.46%
Rate of increase in salaries	4.50%
Rate of increase in inflation	2.50%
Rate of increase in pensions in payment	2.50%
No "constructive obligations" to take into account	

31 December 2001

Discount rate	5.7%
Rate of increase in salaries	4.75%
Rate of increase in inflation	2.75%
Rate of increase in pensions in payment	2.75%
No "constructive obligations" to take into account	

The estimated realisation values of assets backing the scheme's liabilities invested through the policy with Royal & Sun Alliance:

31 December 2002	£2,105,000
31 December 2001	£2,588,000

The estimated values of the scheme's liabilities for the purposes of Financial Reporting Standard No. 17:

31 December 2002	£4,122,000
31 December 2001	£3,775,000

The estimated deficit of the schemes assets over liabilities for the purposes of Financial Reporting Standard No. 17:

31 December 2002	£2,017,000
31 December 2001	£1,187,000

Brightwells Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

	2002 £	2001 £
Pension charge for the year	<u>146,389</u>	<u>119,875</u>
Contributions of Chairman and highest paid director	<u>6,748</u>	<u>5,257</u>
9 LOSS ON DISPOSAL OF INVESTMENTS		
	2002 £	2001 £
Amounts written off investments	—	2
Total write off charge	<u>—</u>	<u>2</u>
10 INTEREST PAYABLE		
	2002 £	2001 £
Interest payable on bank borrowing	<u>688</u>	<u>9,521</u>
11 TAX ON PROFIT ON ORDINARY ACTIVITIES		
(a) Analysis of charge in the year	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	30,000	38,000
Over/under provision in prior year	<u>(2,240)</u>	<u>—</u>
Total current tax	<u>27,760</u>	<u>38,000</u>
(b) Factors affecting current tax charge		
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).		
	2002 £	2001 £
Profit on ordinary activities before taxation	<u>51,895</u>	<u>229,169</u>
Profit/(loss) on ordinary activities by rate of tax	15,569	68,751
Depreciation for period in excess of capital allowances	375	(3,771)
Expenses not deductible for tax purposes	29,552	19,096
Indexation Allowance	(5,151)	—
Marginal relief	(10,345)	(14,557)
Adjustments to tax charge in respect of previous periods	(2,240)	—
Group relief	—	(4,061)
Losses of previous periods brought forward	—	(27,458)
Total current tax (note 11(a))	<u>27,760</u>	<u>38,000</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

(c) Factors that may affect future tax charge

The expenditure programme in place suggests there will be significant allowances in place next year to reduce the tax charge.

12 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2002	18,249
Disposals	(3,249)
At 31 December 2002	<u>15,000</u>
Amortisation	
At 1 January 2002	5,000
Charge for the year	2,500
At 31 December 2002	<u>7,500</u>
Net book value	
At 31 December 2002	<u>7,500</u>
At 31 December 2001	<u>13,249</u>

13 TANGIBLE FIXED ASSETS

	Freehold Property £	Motor Vehicles £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2002	978,031	47,777	271,663	1,297,471
Additions	41,631	19,500	39,650	100,781
Disposals	(91,337)	(25,800)	(57,441)	(174,578)
At 31 December 2002	<u>928,325</u>	<u>41,477</u>	<u>253,872</u>	<u>1,223,674</u>
Depreciation				
At 1 January 2002	—	46,346	187,609	233,955
Charge for the year	—	3,011	45,863	48,874
On disposals	—	(24,932)	(57,413)	(82,345)
At 31 December 2002	<u>—</u>	<u>24,425</u>	<u>176,059</u>	<u>200,484</u>
Net book value				
At 31 December 2002	<u>928,325</u>	<u>17,052</u>	<u>77,813</u>	<u>1,023,190</u>
At 31 December 2001	<u>978,031</u>	<u>1,431</u>	<u>84,054</u>	<u>1,063,516</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

14 INVESTMENTS

	Shares in Group Undertakings £	Shares in Non Group Undertakings £	Total £
Cost			
At 1 January 2002	889	250	1,139
Additions	5,000	—	5,000
At 31 December 2002	<u>5,889</u>	<u>250</u>	<u>6,139</u>
Net book value			
At 31 December 2002	<u>5,889</u>	<u>250</u>	<u>6,139</u>
At 31 December 2001	<u>889</u>	<u>250</u>	<u>1,139</u>

The company owns shares in the following companies:

Name	% Holding	Principal Activity
Wales and West Computer Auctions Limited	100%	Livestock auctions by computer systems
Hereford Market Auctioneers Limited	42%	Market auctioneers
AFH Brightwells Limited	49%	Financial advisors
Brightwells Robinson Leslie Limited	50%	Insurance brokers
Farmers First plc	<10%	Purchase of lambs for slaughter

Aggregate capital and reserves

	2002 £	2001 £
Wales and West Computer Auctions Limited	(217,800)	(232,241)
Hereford Market Auctioneers Limited	125,941	111,730
AFH Brightwells Limited	(50,205)	—
Brightwells Robinson Leslie Limited	—	—

Profit and (loss) for the year

Wales and West Computer Auctions Limited	16,941	(14,244)
Hereford Market Auctioneers Limited	14,211	40,746
AFH Brightwells limited	(53,838)	—
Brightwells Robinson Leslie Limited	—	—

Under the provision of section 248 of the above companies are not consolidated into these accounts. No figures are available yet for Brightwells Robinson Leslie Limited.

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

15 DEBTORS

	2002	2001
	£	£
Trade debtors	1,040,835	968,161
Amounts owed by group undertakings	18,455	61,693
Other debtors	112,357	116,558
Prepayments and accrued income	165,733	180,026
	<u>1,337,380</u>	<u>1,326,438</u>

16 CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	2,330,955	1,451,311
Trade creditors	310,941	245,734
Corporation tax	30,000	38,000
Other taxation and social security	399,132	267,073
Other creditors	616,188	629,216
Accruals and deferred income	881,679	564,659
	<u>4,568,895</u>	<u>3,195,993</u>

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2002	2001
	£	£
Operating leases which expire:		
Within 1 year	60,000	60,000
Within 2 to 5 years	5,000	-
After more than 5 years	29,100	34,100
	<u>94,100</u>	<u>94,100</u>

18 CONTINGENCIES

There were capital commitments at the year end of £1,445,500 relating to a new building at Leominster.

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

19 RELATED PARTY TRANSACTIONS

Directors

All transactions between the company and its directors were made in the ordinary course of business except for the provision of interest free loans totalling £45,430 (2001:£52,217), including shareholders.

	Maximum amount outstanding in year £	2002 £	2001 £
C J A Gallimore	7,000	6,025	–
T C Court	5,787	3,735	787
R J Grainger	6,140	4,100	1,140
T I Parry	4,330	2,326	4,330
N W E Gorst	6,816	5,221	–

The directors were also provided with taxed expense accounts totalling £70,812 (2001: £70,812) which are not included in the total of directors emoluments set out in note 6.

Subsidiary undertakings

During the year, Brightwells Limited supplied services to the value of £2,895 (2001: £14,015) to its subsidiary undertaking, Wales and West Computer Auctions Limited. The services were supplied at open market value. Brightwells Limited was owed £200,000 (2001: £223,582) at the year end. Of this, £200,000 was provided at 31 December 2002 as irrecoverable.

Associated undertakings

During the year, Brightwells Limited advanced loans to the value of £32,000 (2001: £10,000) and services to the value of £8,166 (2001: £3,380) to its associated undertaking, AFH Brightwells Limited. The loan balance of £57,000 was written off at 31 December 2002. Brightwells was owed £9,750 (2001: £25,552) at the year end.

During the year, Brightwells Limited supplied services to the value of £30,927 (2001: £28,105) to Hereford Market Auctioneers Limited. The services were supplied at open market value. Brightwells Limited was owed £8,373 (2001: £6,059) at the year end.

During the year, Brightwells Limited advanced loans to the value of £10,000 and supplied services to the value of £504 to Brightwells Robinson Leslie Limited. The services were supplied at open market value. Brightwells Limited was owed £10,000 at the year end.

Directorships

A number of the directors of Brightwells Limited were also directors of the following related companies during the year:

Wales and West Computer Auctions Limited

T C Court
F J A Morgan
R J Grainger

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

19 RELATED PARTY TRANSACTIONS *(continued)*

Hereford Market Auctioneers Limited

R J Grainger

AFH Brightwells Limited

R J Grainger

Brightwells Robinson Leslie Limited

T C Court

R J Grainger

20 SHARE CAPITAL

	2002 £	2001 £
Authorised:		
30,000 Ordinary shares of £0.05 each	<u>1,500</u>	<u>1,500</u>
	2002 £	2001 £
Allotted, called up and fully paid:		
27,000 Ordinary shares of £0.05 each	<u>1,350</u>	<u>1,350</u>

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	24,135	191,169
Opening shareholders' equity funds	<u>717,350</u>	<u>526,181</u>
Closing shareholders' equity funds	<u>741,485</u>	<u>717,350</u>

22 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2002 £	2001 £
Operating (loss)/profit	(25,609)	187,891
Amortisation	2,500	2,500
Depreciation	48,874	46,096
Decrease in stocks	—	17,500
(Increase)/decrease in debtors	(10,942)	617,865
Increase in creditors	501,258	465,424
Net cash inflow from operating activities	<u>516,081</u>	<u>1,337,276</u>

Brightwells Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

22 CASH FLOWS *(continued)*

b RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase in cash in the period	547,526	1,355,275
MOVEMENT IN NET FUNDS IN THE PERIOD	547,526	1,355,275
NET FUNDS AT 1 JANUARY 2002	57,690	(1,297,586)
NET FUNDS AT 31 DECEMBER 2002	605,216	57,690

c Analysis of net funds

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Cash in hand and at bank	1,509,001	1,427,170	2,936,171
Overdrafts	(1,451,311)	(879,644)	(2,330,955)
Total	57,690	547,526	605,216