

# Brightwells Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2010

FRIDAY



\*A7CXPXS4\*

A35

23/09/2011

233

COMPANIES HOUSE

# Brightwells Limited

## OFFICERS AND PROFESSIONAL ADVISERS

---

### DIRECTORS

R J Grainger  
T C Court  
F J A Morgan  
M H Rose  
T I Parry  
N W E Gorst  
D C Burgoyne  
R J Binnersley

### SECRETARY

R J Grainger

### REGISTERED OFFICE

Easters Court  
Leominster  
Herefordshire  
HR6 0DE

### AUDITOR

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

### BANKERS

Barclays Bank Plc  
Herefordshire Business Centre  
1-3 Broad Street  
Hereford  
HR4 9BH

# Brightwells Limited

## DIRECTORS' REPORT

---

The directors submit their report and financial statements of Brightwells Limited for the year ended 31 December 2010

### PRINCIPAL ACTIVITIES

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

### REVIEW OF THE BUSINESS

The Directors are pleased to report another successful year with both turnover and profits showing increases on the previous year. The company continues to outperform the market and the directors are of the opinion that this trend can continue despite the challenging economic conditions that currently prevail across the UK and Europe. In May the company bought out its partner in Brightwells Robinson Leslie Ltd for £1, thereby acquiring 100% of the issued share capital of the company. This was done in order to manage the successful sale of the book of insurance and the orderly closure of the company due to the poor performance of the business.

### FUTURE DEVELOPMENTS

The Directors are pleased to report the acquisition of a freehold site at Madley Aerodrome to replace the Shobdon Plant & Machinery sales site, on which the company has been served notice by the landlord. The freehold site has been purchased from reserves and it will be developed during the current year as and when resources become available.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £894,579. Particulars of dividends paid are detailed in note 10 to the financial statements.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The 2010 figures again show that the company has succeeded in managing the risks associated with economic downturn. The increase in bad debt provision from £35K to £73K is wholly due to write-offs related to the disposal of the trade of Brightwells Robinson Leslie Ltd.

### KEY PERFORMANCE INDICATORS ("KPIs")

The excellent outcome for 2010 is summed as follows - increase in gross turnover from £7.221M to £7.491M (+3.7%), increase in gross profit as percentage of turnover from 53.4% in 2009 to 54.5% in 2010, increase in pre-tax profit as a percentage of gross turnover from 14.96% in 2009 to 15.94% in 2010.

### DIRECTORS

The directors who served the company during the year were as follows:

R J Grainger  
T C Court  
F J A Morgan  
M H Rose  
T I Parry  
N W E Gorst  
D C Burgoyne  
R J Binnersley

# Brightwells Limited

## DIRECTORS' REPORT

---

### 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

### DONATIONS

During the year the company made the following contributions

	2010	2009
	£	£
Charitable donations	<u>5,500</u>	<u>2,700</u>

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

Registered office  
Easters Court  
Leominster  
Herefordshire  
HR6 0DE

By order of the board



R J Grainger

Company Secretary

15.9.2011

# Brightwells Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 auditor**

As more fully explained 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Baker Tilly UK Audit LLP*

KATHRYN REID (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Elgar House

Holmer Road

Hereford HR4 9SF

*19 September 2011*

**Brightwells Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2010

		2010	2009
	<i>Notes</i>	£	£
TURNOVER	2	7,491,553	7,221,680
Cost of sales		(3,407,710)	(3,367,831)
Gross profit		4,083,843	3,853,849
Administrative expenses		(3,695,557)	(3,587,178)
Other operating income	3	786,085	832,276
OPERATING PROFIT	4	1,174,371	1,098,947
Profit on disposal of fixed assets	7	4,541	209
		1,178,912	1,099,156
Interest receivable and similar income	8	15,257	(19,140)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,194,169	1,080,016
Taxation	9	(299,590)	(280,926)
PROFIT FOR THE FINANCIAL YEAR	25	894,579	799,090

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

# Brightwells Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2010

---

	2010 £	2009 £
Profit for the financial year	894,579	799,090
Actuarial gain/(loss) in respect of defined benefit pension scheme	56,000	(123,000)
Deferred tax in respect of defined benefit pension scheme	15,680	34,440
Other movements	<u>(88,680)</u>	<u>(46,440)</u>
Total recognised gains and losses since the last financial statements	<u>877,579</u>	<u>664,090</u>

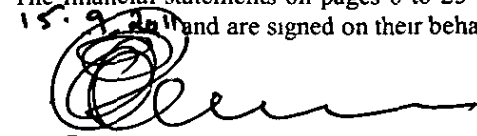


**Brightwells Limited****BALANCE SHEET**

31 December 2010

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Intangible assets	11	1	1
Tangible assets	12	4,136,480	3,410,141
Investments	13	6,091	6,090
		<u>4,142,572</u>	<u>3,416,232</u>
<b>CURRENT ASSETS</b>			
Stocks	14	4,431	4,915
Debtors	15	2,945,882	3,248,404
Cash at bank and in hand		2,687,296	3,621,254
		<u>5,637,609</u>	<u>6,874,573</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	(5,470,006)	(6,369,414)
<b>NET CURRENT ASSETS</b>		<u>167,603</u>	<u>505,159</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,310,175</u>	<u>3,921,391</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>4,310,175</u>	<u>3,921,391</u>
Defined benefit pension scheme liability	19	(409,000)	(597,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><u>3,901,175</u></u>	<u><u>3,324,391</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	1,475	1,475
Share premium account	23	124,775	124,775
Share options reserve	24	23,705	—
Profit and loss account	25	3,751,220	3,198,141
<b>SHAREHOLDERS' FUNDS</b>	26	<u><u>3,901,175</u></u>	<u><u>3,324,391</u></u>

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on 15.9.2011 and are signed on their behalf by



R J Grainger  
Director

**Brightwells Limited**  
**CASH FLOW STATEMENT**  
for the year ended 31 December 2010

		2010	2009
	<i>Notes</i>	£	£
Net cash flow from operating activities	27	1,680,033	947,186
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<u>19,257</u>	<u>20,860</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		19,257	20,860
<b>TAXATION</b>		(279,118)	(221,746)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(835,242)	(27,405)
Receipts from sale of fixed assets		<u>10,750</u>	<u>3,061</u>
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(824,492)	(24,344)
Acquisitions and disposals	27	(1)	–
Equity dividends paid		(324,500)	(324,500)
<b>CASH INFLOW BEFORE FINANCING</b>		<u>271,179</u>	<u>397,456</u>
<b>FINANCING</b>			
Net (outflow)/inflow from other short-term creditors		(518,915)	963,790
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>		(518,915)	963,790
<b>(DECREASE)/INCREASE IN CASH IN THE PERIOD</b>	27	<u>(247,736)</u>	<u>1,361,246</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

---

### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

The directors consider it appropriate to prepare the financial statements on a going concern basis for the following reasons

The company not only increased its turnover during the year, but also improved profitability through comprehensive cost control and cash flow by actively managing debtor collection and timing of expenditure

The directors will not expose the company to undue risk by approving projects that cannot be funded from existing resources

By strengthening the balance sheet in this way, the directors are confident that the company can withstand the impact of any potential future downturn

#### 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

#### 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

Freehold Property	- 5%, 10%, 20% and 33% straight line
Leasehold Property	- 4% straight line
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

#### STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

---

### 1 ACCOUNTING POLICIES *(continued)*

#### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined benefit pension scheme for some of its employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using iBoxx Sterling Corporate Bond Index for AA rated stocks of terms greater than 15 years.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities.

#### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### 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.

#### FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 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 2010

---

### 1 ACCOUNTING POLICIES *(continued)*

#### CONSOLIDATION

In the opinion of the directors, the inclusion of the results and balances of the company's subsidiary undertaking would not materially alter the amounts disclosed within the individual financial statements of the company. The company has therefore taken advantage of the exemption provided by Section 405 (2) of the Companies Act 2006 not to prepare group accounts. The financial statements present the results of the parent company only and do not show the results of the group.

### 2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below.

	2010 £	2009 £
United Kingdom	<u>7,491,553</u>	<u>7,221,680</u>

### 3 OTHER OPERATING INCOME

	2010 £	2009 £
Rent receivable	162,963	209,910
Wages recovered	22,550	21,170
Catalogues, fees recovered, levies and market insurance received	152,265	153,586
Other operating income	<u>448,307</u>	<u>447,610</u>
	<u>786,085</u>	<u>832,276</u>

### 4 OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Depreciation of owned fixed assets	102,694	106,124
Auditor's remuneration		
- as auditor	10,200	8,800
Operating lease costs		
- Other	<u>356,244</u>	<u>333,182</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was

	2010	2009
	No	No
Number of administrative staff	13	14
Number of selling staff	63	62
	<u>76</u>	<u>76</u>

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	2,996,980	2,999,356
Social security costs	306,648	305,541
Other pension costs	33,000	45,000
Equity-settled share-based payments	23,705	–
	<u>3,360,333</u>	<u>3,349,897</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 8) and amounts recognised in the statement of recognised gains and losses

### 6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Remuneration receivable	662,608	651,078
Value of company pension contributions to defined benefit schemes	132,691	112,322
	<u>795,299</u>	<u>763,400</u>

Remuneration of highest paid director

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	130,202	137,401
Value of company pension contributions to defined benefit schemes	27,774	23,511
	<u>157,976</u>	<u>160,912</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010	2009
	No	No
Defined benefit schemes	<u>5</u>	<u>5</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 7 PROFIT ON DISPOSAL OF FIXED ASSETS

	2010	2009
	£	£
Profit on disposal of fixed assets	<u>4,541</u>	<u>209</u>

### 8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Bank interest receivable	19,257	20,860
Net finance income in respect of defined benefit pension schemes	<u>(4,000)</u>	<u>(40,000)</u>
	<u>15,257</u>	<u>(19,140)</u>

### 9 TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2010	2009
	£	£
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	299,225	281,176
Over/under provision in prior year	<u>365</u>	<u>(250)</u>
Total current tax	<u>299,590</u>	<u>280,926</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 28% (2009 - 28%), as explained below

	2010	2009
	£	£
Profit on ordinary activities before taxation	<u>1,194,169</u>	<u>1,080,016</u>
Profit on ordinary activities by rate of tax	334,367	302,404
Effects of		
Depreciation for period in excess of capital allowances	3,091	15,484
Expenses not deductible for tax purposes	26,222	13,454
Marginal relief	(7,055)	(8,097)
Adjustments to tax charge in respect of previous periods	365	(250)
Defined benefit pension scheme	<u>(57,400)</u>	<u>(42,069)</u>
Total current tax (note 9(a))	<u>299,590</u>	<u>280,926</u>

### 10 DIVIDENDS

#### Equity dividends

	2010	2009
	£	£
Paid during the year		
Dividends on equity shares £11 00 (2009 £11 00)	<u>324,500</u>	<u>324,500</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 11 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2010 and 31 December 2010	<u>15,000</u>
Amortisation	
At 1 January 2010	<u>14,999</u>
At 31 December 2010	<u>14,999</u>
Net book value	
At 31 December 2010	<u>1</u>
At 31 December 2009	<u>1</u>

### 12 TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property Improvements £	Motor Vehicles £	Fixtures & Fittings £	Total £
Cost					
At 1 January 2010	2,660,111	963,888	60,850	230,978	3,915,827
Additions	801,507	–	13,885	19,850	835,242
Disposals	–	–	(14,150)	(5,500)	(19,650)
At 31 December 2010	<u>3,461,618</u>	<u>963,888</u>	<u>60,585</u>	<u>245,328</u>	<u>4,731,419</u>
Depreciation					
At 1 January 2010	226,361	77,111	32,145	170,069	505,686
Charge for the year	23,136	38,556	18,290	22,712	102,694
On disposals	–	–	(11,838)	(1,603)	(13,441)
At 31 December 2010	<u>249,497</u>	<u>115,667</u>	<u>38,597</u>	<u>191,178</u>	<u>594,939</u>
Net book value					
At 31 December 2010	<u>3,212,121</u>	<u>848,221</u>	<u>21,988</u>	<u>54,150</u>	<u>4,136,480</u>
At 31 December 2009	<u>2,433,750</u>	<u>886,777</u>	<u>28,705</u>	<u>60,909</u>	<u>3,410,141</u>



# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 13 INVESTMENTS

	Shares in Group Undertakings £	Shares in Non Group Undertakings £	Total £
Cost			
At 1 January 2010	-	6,090	6,090
Additions	5,001	-	5,001
Disposals	-	(5,000)	(5,000)
At 31 December 2010	<u>5,001</u>	<u>1,090</u>	<u>6,091</u>
Net book value			
At 31 December 2010	<u>5,001</u>	<u>1,090</u>	<u>6,091</u>
At 31 December 2009	<u>-</u>	<u>6,090</u>	<u>6,090</u>

The company owns ordinary shares in the following companies

Name	% Holding	Principal Activity
Hereford Market Auctioneers Limited	42%	Market auctioneers
Brightwells Robinson Leslie Limited	100%	Insurance brokers
Farmers First plc	<10%	Purchase of lambs for slaughter

On 31 May 2010 the company acquired the remaining 50% of the issued share capital of Brightwells Robinson Leslie Limited for £1. The company has taken advantage of the exemption provided by Section 405 (2) of the Companies Act 2006 not to prepare group accounts

	2010 £	2009 £
Aggregate capital and reserves		
Hereford Market Auctioneers Limited	272,226	207,268
Brightwells Robinson Leslie Limited	-	(191,639)
Profit and (loss) for the year		
Hereford Market Auctioneers Limited	64,958	35,576
Brightwells Robinson Leslie Limited	-	(66,671)

No 2010 figures for Brightwells Robinson Leslie Limited are yet available

### 14 STOCKS

	2010 £	2009 £
Stock	<u>4,431</u>	<u>4,915</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 15 DEBTORS

	2010	2009
	£	£
Trade debtors	2,561,127	2,971,965
Amounts owed by group undertakings	148,483	–
Amounts owed by undertakings in which the company has a participating interest	3,725	71,083
Other debtors	116,630	99,005
Pension prepayment	8,146	10,569
Prepayments and accrued income	107,771	95,782
	<u>2,945,882</u>	<u>3,248,404</u>

### 16 CREDITORS Amounts falling due within one year

	2010	2009
	£	£
Bank overdrafts	2,290,316	2,976,538
Corporation tax	299,225	281,176
Other taxation and social security	292,889	364,110
Other creditors	1,430,233	1,949,148
Accruals and deferred income	1,157,343	798,442
	<u>5,470,006</u>	<u>6,369,414</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2010	2009
	£	£
Bank overdrafts	<u>2,290,316</u>	<u>2,976,538</u>

### 17 DEFERRED TAXATION

The deferred tax asset of £159,000 (2009 £232,000) arising from the defined benefit pension scheme liability is recognised and included within the overall scheme liability balance

The directors have not recognised the deferred tax asset arising from net fixed asset timing differences of £30,301 (2009 £37,910) on the grounds that, as a result of constant renewal of fixed assets, together with the rates of depreciation applied, it is more likely than not that such an asset will not be fully recovered in the foreseeable future

### 18 SHARE-BASED PAYMENTS

#### *Equity-settled share-based payments*

During the period ended 31 December 2010, the company had a share-based payment arrangement created as an HMRC approved Enterprise Management Incentive share Option Plan. For ease of use, the following disclosure is split, based on the general type of vesting conditions, as described below

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

### 18 SHARE-BASED PAYMENTS *(continued)*

Type of scheme	-	Financial performance based share option plan
Date of grant	-	11 May 2009
Class of share	-	Ordinary shares of £0.05 each
Total number of options granted	-	10,500
Exercise price	-	£31
Contractual life	-	10 years
Vesting conditions	-	Various, individual, profit targets, to be achieved in the year ended 31 December 2010
Type of scheme	-	Market performance based share option plan
Date of grant	-	11 May 2009
Class of share	-	Ordinary shares of £0.05 each
Total number of options granted	-	6,000
Exercise price	-	£31
Contractual life	-	10 years
Vesting conditions	-	Achievement of a share price target, which was achieved

Further details of the two share option plans are as follows

	Number of options	2010 Weighted average exercise price £	Number of options	2009 Weighted average exercise price £
Outstanding at start of year	(16,500)	(31)	-	-
Granted	-	-	(16,500)	(31)
Outstanding at end of year	<u>(16,500)</u>	<u>(31)</u>	<u>(16,500)</u>	<u>(31)</u>

The options outstanding at 31 December 2010 had an exercise price of £31, and a weighted average remaining contractual life of 8.36 years

The estimated fair value of each share option granted in the financial performance based share option plan is £1.77. This was calculated by applying a binomial option pricing model. The model inputs were the share price (adjusted for dilution) at grant date of £44.92, exercise price of £31, expected volatility of 10 per cent, dividend yield of 18 per cent, contractual life of ten years, and a risk-free interest rate, (at date of grant), of 2.08 per cent.

The estimated fair value of each share option granted in the market performance based share option plan is £2.17. This was calculated by applying a binomial option pricing model. The model inputs were the share price at grant date of £44.92, (modified on 14 September 2009 by the introduction of a revised shareholders agreement, introducing a revised share price calculation methodology), exercise price of £31, expected volatility of 10 per cent, dividend yield of 18 per cent, contractual life of ten years, and a risk-free interest rate (at date of revised share agreement) of 1.41 per cent.

The company recognised total expenses of £23,705 (2009 - £-) related to equity-settled share-based payment transactions during the year.

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 19 PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operates a defined benefit pension scheme for some of its employees. The assets of the scheme are held separately from those of the company.

The amounts recognised in the profit and loss account are as follows

	2010 £	2009 £
<i>Amounts charged to operating profit</i>		
Current service cost	33,000	45,000
Total operating charge	<u>33,000</u>	<u>45,000</u>
<i>Amounts included in other finance cost</i>		
Expected return on scheme assets	(209,000)	(146,000)
Interest on scheme liabilities	213,000	186,000
Other finance cost	<u>4,000</u>	<u>40,000</u>
Total charge to the profit and loss account	<u>37,000</u>	<u>85,000</u>
Actual return on scheme assets	<u>470,000</u>	<u>465,000</u>

Other finance income is included in the profit and loss account within interest receivable and similar income.

Actuarial gains of £56,000 (2009: £(123,000)) have been recognised in the statement of total recognised gains and losses. At 31 December 2010 the cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses is £786,000.

The amounts recognised in the balance sheet are as follows

	2010 £	2009 £
Present value of funded obligations	(4,163,000)	(3,759,000)
Fair value of scheme assets	<u>3,595,000</u>	<u>2,930,000</u>
	(568,000)	(829,000)
Related deferred tax asset	<u>159,000</u>	<u>232,000</u>
Net pension liability	<u>(409,000)</u>	<u>(597,000)</u>

Changes in the present value of the defined benefit obligation scheme are as follows

	2010 £	2009 £
Opening defined benefit obligation	3,759,000	3,085,000
Current service cost	33,000	45,000
Interest on scheme liabilities	213,000	186,000
Actuarial loss	205,000	442,000
Contributions by scheme participants	36,000	29,000
Benefits paid	<u>(83,000)</u>	<u>(28,000)</u>
Closing defined benefit obligation	<u>4,163,000</u>	<u>3,759,000</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

### 19 PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Changes in the fair value of scheme assets are as follows

	2010	2009
	£	£
Opening fair value of scheme assets	2,930,000	2,229,000
Expected return on scheme assets	209,000	146,000
Contributions by employer	242,000	235,000
Contributions by scheme participants	36,000	29,000
Actuarial gain	261,000	319,000
Benefits paid	(83,000)	(28,000)
Closing fair value of scheme assets	<u>3,595,000</u>	<u>2,930,000</u>

The fair value of the major categories of scheme assets are as follows

	2010	2009
	£	£
Equities	2,781,000	2,251,000
Bonds	157,000	293,000
Property	111,000	2,000
Cash	223,000	113,000
Gilts	323,000	271,000
Fair value of scheme assets	<u>3,595,000</u>	<u>2,930,000</u>

The principal actuarial assumptions as at the balance sheet date were

	2010	2009
	%	%
Discount rate	5	6
Expected return on scheme assets	7	6
Rate of increase in salaries	3	3
Rate of increase in pensions in payment	4	3
Rate of increase in deferred pensions	3	3
Inflation	3	3

Amounts for the current and previous four periods are as follows

	2010	2009	2008	2007	2006
	£	£	£	£	£
Defined benefit obligation	(4,163,000)	(3,759,000)	(3,085,000)	(3,139,000)	(3,843,000)
Fair value of scheme assets	<u>3,595,000</u>	<u>2,930,000</u>	<u>2,229,000</u>	<u>2,667,000</u>	<u>3,164,000</u>
Deficit in the scheme	<u>(568,000)</u>	<u>(829,000)</u>	<u>(856,000)</u>	<u>(472,000)</u>	<u>(679,000)</u>
Experience adjustments on scheme liabilities (£)	<u>50,000</u>	<u>(38,000)</u>	<u>491,000</u>	<u>(283,000)</u>	<u>495,000</u>
Experience adjustments on scheme assets (£)	<u>261,000</u>	<u>319,000</u>	<u>(747,000)</u>	<u>(31,000)</u>	<u>129,000</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

---

### 19 PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The overall expected return on assets of 7.08% (2009: 6.21%) has been derived as the weighted average return on the total assets.

The expected level of company contributions to the scheme for the year beginning 1 January 2011 is £243,000.

The expected return on equities for the year beginning 1 January 2011 assumes equities will return on average approximately 3.25% per annum more than gilts.

### 20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2010 £	2009 £
Operating leases which expire		
Within 1 year	70,000	16,000
Within 2 to 5 years	70,150	125,500
After more than 5 years	-	5,000
	<u>140,150</u>	<u>146,500</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

---

### 21 RELATED PARTY TRANSACTIONS

#### Associated undertakings

During the year, the company supplied services to the value of £16,650 (2009 £25,250) to Hereford Market Auctioneers Limited. The services were supplied at open market value. Brightwells Limited was owed £3,725 (2009 £29,038) at the year end. All of this debtor relates to trading balances and is disclosed as amounts due from undertakings in which the company has a participating interest.

#### Group undertakings

During the year, the company supplied services to the value of £4,367 (2009 £2,011) to Brightwells Robinson Leslie Limited. The services were provided at open market value. The company made a bad debt provision totalling £70,556 (2009 £66,191), leaving an outstanding balance at 31 December 2010 of £2,045 owed by Brightwells Robinson Leslie Limited (2009 £7,955 owed to Brightwells Robinson Leslie Limited). The company also provided capital funding to Brightwells Robinson Leslie Limited. At 31 December 2010 the outstanding debtor was £146,437 (2009 £50,000). As a result of the acquisition of the remaining share capital of Brightwells Robinson Leslie Limited, the current year balance of £148,483 is disclosed as amounts due from group undertakings within debtors, whereas the comparative balance of £42,045 is disclosed within amounts due from undertakings in which the company has a participating interest.

#### Directorships

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

Hereford Market Auctioneers Limited

R J Grainger  
N W E Gorst

Brightwells Robinson Leslie Limited

T C Court

During the year Brightwells Limited paid for IT and marketing services from the Burgoyne Group of £203,000 (2009 consultancy services £190,320). D C Burgoyne owns 100% of the shares in the Burgoyne Group. At the year end the company owed the Burgoyne Group £30,000 (2009 £nil) in respect of services charged in the year.

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 21 RELATED PARTY TRANSACTIONS *(continued)*

#### 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 £7,281 (2009 £13,780)

	Maximum amount outstanding in year	2010 £	2009 £
R J Grainger	4,608	3,635	1,803
T C Court	1,494	–	1,494
F J A Morgan	3,470	1,430	3,470
T I Parry	2,498	830	2,498
R J Binnersley	3,054	1,386	3,054
N W E Gorst	1,461	–	1,461

Dividends of the following were paid to the directors in the year

	2010 £	2009 £
R J Grainger	30,250	30,250
T C Court	30,250	30,250
F J A Morgan	30,250	30,250
T I Parry	25,850	25,850
R J Binnersley	20,350	20,350
N W E Gorst	26,950	26,950
M H Rose	22,000	22,000
D C Burgoyne	30,250	30,250

### 22 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid 29,500 Ordinary shares of £0.05 each	<u>1,475</u>	<u>1,475</u>

### 23 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

### 24 SHARE OPTIONS RESERVE

	2010 £	2009 £
Recognition of equity-settled share-based payments in the year	<u>23,705</u>	–
Balance carried forward	<u>23,705</u>	–



# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 25 PROFIT AND LOSS ACCOUNT

	2010	2009
	£	£
At the beginning of the year	3,198,141	2,858,551
Profit for the financial year	894,579	799,090
Dividends	(324,500)	(324,500)
Defined benefit pension scheme	(17,000)	(135,000)
At the end of the year	<u>3,751,220</u>	<u>3,198,141</u>

### 26 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit for the financial year	894,579	799,090
Dividends	(324,500)	(324,500)
Actuarial gain/(loss) in respect of defined benefit pension scheme	(17,000)	(135,000)
Recognition of equity-settled share-based payments in the year	23,705	—
Net addition to shareholders' funds	576,784	339,590
Opening shareholders' funds	3,324,391	2,984,801
Closing shareholders' funds	<u>3,901,175</u>	<u>3,324,391</u>

### 27 CASH FLOWS

#### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	1,174,371	1,098,947
Depreciation	102,694	106,124
Decrease/(increase) in stocks	484	(669)
Decrease in debtors	300,099	15,802
Increase/(decrease) in creditors	287,680	(83,018)
Equity-settled share-based payments	23,705	—
Provision for service cost of defined benefit pension scheme	33,000	45,000
Defined benefit pension scheme contributions paid	(242,000)	(235,000)
Net cash inflow from operating activities	<u>1,680,033</u>	<u>947,186</u>

#### Acquisitions and disposals

	2010	2009
	£	£
Acquire investments in participating interests	(1)	—
Net cash outflow from acquisitions and disposals	<u>(1)</u>	<u>—</u>

# Brightwells Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

### 27 CASH FLOWS *(continued)*

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
(Decrease)/increase in cash in the period	(247,736)	1,361,246
Net outflow from/(inflow) from other short-term creditors	518,915	(963,790)
Change in net funds	<u>271,179</u>	<u>397,456</u>
Net funds at the beginning of the year	(1,304,432)	(1,701,888)
Net funds at the end of the year	<u>(1,033,253)</u>	<u>(1,304,432)</u>

#### ANALYSIS OF NET FUNDS

	At 1 Jan 2010 £	Cash flows £	At 31 Dec 2010 £
Cash in hand and at bank	3,621,254	(933,958)	2,687,296
Overdrafts	<u>(2,976,538)</u>	<u>686,222</u>	<u>(2,290,316)</u>
	644,716	(247,736)	396,980
Debt due within 1 year	<u>(1,949,148)</u>	<u>518,915</u>	<u>(1,430,233)</u>
Total	<u>(1,304,432)</u>	<u>271,179</u>	<u>(1,033,253)</u>