

Company Registration No. 02052714 (England and Wales)

BRIGHTWELLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BRIGHTWELLS LIMITED

COMPANY INFORMATION

Directors	RJ Binnersley NWE Gorst TI Parry RA Bound
Secretary	G P M Fitzgerald
Company number	02052714
Registered office	Easters Court Leominster Herefordshire HR6 0DE
Auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR
Bankers	Barclays Bank PLC Herefordshire Business Centre 1-3 Broad Street Hereford HR4 9BH

BRIGHTWELLS LIMITED

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BRIGHTWELLS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The directors believe that the results for 2019 represent a strong trading performance in the current economic climate and are pleased to report reasonable growth in sales revenues over the previous year. The increase in revenues resulted in achieving a steady overall profit and it is anticipated that this performance will be sustained.

Principal risks and uncertainties

The directors consider that the main financial risks to the business lie in the areas of interest rates, liquidity, pricing and foreign exchange.

The company has little or no interest rate risk. The sole means by which interest rate risk might occur is the cost of any banking facility the company uses. The available facility has not been used in recent years.

The company continues to have considerable financial resources, along with an available banking facility, rarely used, and a totally unencumbered asset base. Current projections give every indication that the company will continue to perform in a financially positive way and the directors are therefore strongly of the view that liquidity offers very low risk to the business.

The company's exposure to price risk is low. Earnings are a fixed percentage of the value of goods auctioned and the value of goods remains stable.

The company transacts very little business in foreign currency and where this does occur the risk is mitigated by utilizing the services of a specialist trading company and maintaining foreign currency accounts. The directors recognize that there is always an element of risk present because the nature of such transactions is that the timing thereof is not readily predictable.

COVID-19 has initially disrupted the operations of the business from March 2020, however all appropriate measures have now been put in place to reduce the ongoing impact on the business.

Development and performance

The directors believe that the results for 2019 represent a strong trading performance in the current economic climate and are pleased to report reasonable growth in sales revenues over the previous year. The increase in revenues resulted in achieving a steady overall profit and it is anticipated that this performance will be sustained.

BRIGHTWELLS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

The 2019 figures again show that the company has succeeded in managing the risks associated with economic downturn.

The outcome for 2019 from continuing operations is summarised as follows: increased gross turnover levels from £8m to £9m (+11%); an increase in gross profit as a percentage of turnover (39% in 2018 compared to 40% in 2019); and a decrease in pre tax profit as a percentage of gross turnover from 14.6% in 2018 to 12.1% in 2019.

By order of the board

G P M Fitzgerald
Secretary
17 December 2020

BRIGHTWELLS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of auctioneers and valuers.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

RJ Binnarsley
NWE Gorst
TI Parry
RA Bound

Results and dividends

The results for the year are set out on page 8.

During the year the company paid dividends of £nil (2018: £66,938).

Auditor

In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

G P M Fitzgerald
Secretary

17 December 2020

BRIGHTWELLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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

Opinion

We have audited the financial statements of Brightwells Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 FRS 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 2019 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 *Auditor's 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BRIGHTWELLS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BRIGHTWELLS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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.

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

Roger Merchant (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

21 December 2020

Chartered Accountants
Statutory Auditor

BRIGHTWELLS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Turnover	3	9,006,277	8,042,935
Cost of sales		(5,908,413)	(4,934,201)
Gross profit		<u>3,097,864</u>	<u>3,108,734</u>
Administrative expenses		(3,220,423)	(2,972,428)
Other operating income		953,795	803,304
Operating profit	4	<u>831,236</u>	<u>939,610</u>
Interest receivable and similar income	7	284,345	235,947
Interest payable and similar expenses	8	(29,473)	-
Profit before taxation		<u>1,086,108</u>	<u>1,175,557</u>
Tax on profit	9	(200,930)	(192,314)
Profit for the financial year		<u><u>885,178</u></u>	<u><u>983,243</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BRIGHTWELLS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£	£
Profit for the year	885,178	983,243
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(1,173,000)	165,000
Deferred tax relating to defined benefit pension scheme	180,690	(49,640)
Other comprehensive income for the year	(992,310)	115,360
Total comprehensive income for the year	(107,132)	1,098,603

BRIGHTWELLS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		3		1,141
Tangible assets	12		4,016,899		4,004,350
Investment properties	13		4,980,413		2,575,054
Investments	14		1,090		1,090
			<u>8,998,405</u>		<u>6,581,635</u>
Current assets					
Stocks	16	2,976		4,892	
Debtors	17	2,081,605		2,203,214	
Cash at bank and in hand		1,206,388		851,198	
		<u>3,290,969</u>		<u>3,059,304</u>	
Creditors: amounts falling due within one year	18	<u>(3,687,691)</u>		<u>(2,365,951)</u>	
Net current (liabilities)/assets			<u>(396,722)</u>		<u>693,353</u>
Total assets less current liabilities			<u>8,601,683</u>		<u>7,274,988</u>
Creditors: amounts falling due after more than one year	19		(1,287,097)		-
Provisions for liabilities	20		-		(45,220)
Net assets excluding pension (liability)/surplus			<u>7,314,586</u>		<u>7,229,768</u>
Defined benefit pension (liability)/surplus	21		(713,000)		292,000
Net assets			<u><u>6,601,586</u></u>		<u><u>7,521,768</u></u>
Capital and reserves					
Called up share capital	22		1,950		1,950
Share premium account	23		503,902		503,902
Capital redemption reserve	23		211		211
Own shares	23		(3,213,925)		(2,400,875)
Profit and loss reserves	23		9,309,448		9,416,580
Total equity			<u><u>6,601,586</u></u>		<u><u>7,521,768</u></u>

BRIGHTWELLS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 17 December 2020 and are signed on its behalf by:

NWE Gorst

Director

Company Registration No. 02052714

BRIGHTWELLS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Capital redemption reserve	Treasury reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2018	1,950	503,902	211	(443,375)	8,384,915	8,447,603
Year ended 31 December 2018:						
Profit for the year	-	-	-	-	983,243	983,243
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	165,000	165,000
Tax relating to pension	-	-	-	-	(49,640)	(49,640)
Total comprehensive income for the year	-	-	-	-	1,098,603	1,098,603
Dividends	-	-	-	-	(66,938)	(66,938)
Other movements	-	-	-	(1,957,500)	-	(1,957,500)
Balance at 31 December 2018	1,950	503,902	211	(2,400,875)	9,416,580	7,521,768

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BRIGHTWELLS LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Capital redemption reserve	Treasury reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Year ended 31 December 2019:						
Profit for the year	-	-	-	-	885,178	885,178
Other comprehensive income:						
Actuarial losses on defined benefit plans	-	-	-	-	(1,173,000)	(1,173,000)
Tax relating to pension	-	-	-	-	180,690	180,690
Total comprehensive income for the year	-	-	-	-	(107,132)	(107,132)
Other movements	-	-	-	(813,050)	-	(813,050)
Balance at 31 December 2019	1,950	503,902	211	(3,213,925)	9,309,448	6,601,586

BRIGHTWELLS LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	28	2,242,818		1,209,796	
Interest paid		(29,473)		-	
Income taxes paid		(220,541)		(238,185)	
Net cash inflow from operating activities		<u>1,992,804</u>		<u>971,611</u>	
Investing activities					
Purchase of tangible fixed assets		(145,209)		(318,664)	
Proceeds on disposal of tangible fixed assets		26,750		2,300	
Purchase of investment property		(2,405,359)		-	
Interest received		19,304		27,547	
Other investment income received		255,041		206,400	
Net cash used in investing activities		<u>(2,249,473)</u>		<u>(82,417)</u>	
Financing activities					
Purchase of own shares		(813,050)		(1,957,500)	
Receipt of new bank loans		1,500,000		-	
Bank loan repayments		(75,091)		-	
Dividends paid		-		(66,938)	
Net cash generated from/(used in) financing activities		<u>611,859</u>		<u>(2,024,438)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>355,190</u>		<u>(1,135,244)</u>	
Cash and cash equivalents at beginning of year		<u>851,198</u>		<u>1,986,442</u>	
Cash and cash equivalents at end of year		<u><u>1,206,388</u></u>		<u><u>851,198</u></u>	

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Brightwells Limited is a private company limited by shares incorporated in England and Wales. The registered office is Easters Court, Leominster, Herefordshire, HR6 0DE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first months of 2020, the virus, SARS-CoV-2, and resulting disease COVID-19, spread to the United Kingdom.

The resulting actions in the UK taken by the government to control the pandemic initially impacted on operations.

All appropriate measures have now been put in place to reduce the ongoing impact on the business.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue represents auction commissions receivable by the company and amounts chargeable to clients for professional services provided during the year.

Auction commissions receivable are recognised on the day of the auction.

Revenue from the sale of catalogues is recognised when the catalogues are dispatched. Revenue from the provision of services is recognised on the completion of services.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intellectual property	3-5 years straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	5% straight line
Fixtures and fittings	10%, 14%, 20% and 33% straight line
Motor vehicles	20% and 33% straight line

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies. the selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should managements assessment of useful lives shorten then depreciation charges in the financial statements would increase and the carrying amounts of property, plant and equipment would reduce accordingly, The carrying amount of property, plant and equipment by each class is included in note 12.

Investment property is carried at fair value. The directors are satisfied that the fair value is consistent with cost taking into account current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset if considered necessary.

The directors have taken independent advice from a qualified actuary in relation to the assumptions applied in estimating the liability arising from the defined benefit pension scheme. Details of the assumptions are given in note 21.

The estimates and assumptions used to assess the recoverability of trade debtors consist of the payments received against balances and payment history. The carrying amount in trade debtors is included in note 17.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Commissions receivable	9,006,277	8,042,936
	<u> </u>	<u> </u>
	2019	2018
	£	£
Other significant revenue		
Interest income	29,304	29,547
Royalty income	93,033	86,386
Recharges received	79,781	79,640
	<u> </u>	<u> </u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2019**3 Turnover and other revenue****(Continued)**

All turnover arose within the United Kingdom.

The overall total value of items sold through the auction house for the year amounted to £84,404,002 (2018: £69,301,322). The company is not the principal in these transactions and, in accordance with its accounting policy, turnover represents auction commissions receivable on these auction sales along with professional services provided during the year stated net of value added tax.

4 Operating profit

	2019	2018
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(4,331)	(4,330)
Fees payable to the company's auditor for the audit of the company's financial statements	11,950	11,950
Depreciation of owned tangible fixed assets	127,046	101,311
Profit on disposal of tangible fixed assets	(21,136)	(1,610)
Amortisation of intangible assets	1,138	15,662
Operating lease charges	224,083	253,313
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Administrative Staff	14	16
Selling Staff	104	111
	<u> </u>	<u> </u>
Total	118	127
	<u> </u>	<u> </u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

5 Employees (Continued)

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	4,048,355	3,374,265
Social security costs	388,248	247,270
Pension costs	161,772	137,618
	<u>4,598,375</u>	<u>3,759,153</u>

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	<u>663,616</u>	<u>512,407</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2018 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid directors:

	2019	2018
	£	£
Remuneration for qualifying services	280,460	188,118
Company pension contributions to defined contribution schemes	<u>7,810</u>	<u>6,520</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2019**7 Interest receivable and similar income**

	2019	2018
	£	£
Interest income		
Interest on bank deposits	19,304	27,547
Interest on the net defined benefit asset	10,000	2,000
	<u>29,304</u>	<u>29,547</u>
Total interest revenue	29,304	29,547
Income from fixed asset investments		
Income from other fixed asset investments	255,041	206,400
	<u>284,345</u>	<u>235,947</u>
Total income	284,345	235,947

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>19,304</u>	<u>27,547</u>
--	---------------	---------------

8 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>29,473</u>	<u>-</u>

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	204,229	192,314
Adjustments in respect of prior periods	<u>(3,299)</u>	<u>-</u>
Total current tax	200,930	192,314

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2019**9 Taxation****(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	1,086,108	1,175,557
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	206,361	223,356
Adjustments in respect of prior years	24,589	(2,352)
Defined benefit pension scheme	(30,020)	(28,690)
Taxation charge for the year	200,930	192,314

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019	2018
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(180,690)	49,640

10 Dividends

	2019	2018
	£	£
Final paid	-	66,938

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Intangible fixed assets

	Intellectual property £
Cost	
At 1 January 2019 and 31 December 2019	343,340
Amortisation and impairment	
At 1 January 2019	342,199
Amortisation charged for the year	1,138
At 31 December 2019	343,337
Carrying amount	
At 31 December 2019	3
At 31 December 2018	1,141

12 Tangible fixed assets

	Freehold buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2019	4,185,846	629,249	105,800	4,920,895
Additions	-	129,842	15,367	145,209
Disposals	-	(35,250)	(2,900)	(38,150)
At 31 December 2019	4,185,846	723,841	118,267	5,027,954
Depreciation and impairment				
At 1 January 2019	382,056	482,160	52,329	916,545
Depreciation charged in the year	34,289	73,969	18,788	127,046
Eliminated in respect of disposals	-	(30,416)	(2,120)	(32,536)
At 31 December 2019	416,345	525,713	68,997	1,011,055
Carrying amount				
At 31 December 2019	3,769,501	198,128	49,270	4,016,899
At 31 December 2018	3,803,790	147,089	53,471	4,004,350

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****13 Investment property**

	2019
	£
Fair value	
At 1 January 2019	2,575,054
Additions through external acquisition	2,405,359
	<u>4,980,413</u>
At 31 December 2019	<u>4,980,413</u>

Investment property comprises land and estate in Portsmouth, along with a newly acquired property in Worcestershire. The cost of the Portsmouth property was included for the first time in 2016 at the purchase price of £2,575,054. The Worcestershire property was purchased during the year, at the purchase price of £2,405,359. As at the year ended 31 December 2019, the directors of the company consider that the purchase price of both properties still represents their fair value.

14 Fixed asset investments

	2019	2018
	£	£
Unlisted investments	1,090	1,090
	<u>1,090</u>	<u>1,090</u>

The company owns shares in Hereford Market Auctioneers Limited (42%) and Farmers First Limited (<10%).

Hereford Market Auctioneers Limited had aggregated share capital and reserves of £496,787 (2018: £492,304). The company's profit for the year was £4,483 (2018: £37,977).

In July 2020, the interest which the company held in Hereford Market Auctioneers Limited was sold for £1,250,000.

15 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,751,636	2,048,657
Instruments measured at fair value through profit or loss	4,981,503	2,576,144
	<u>6,733,139</u>	<u>4,624,801</u>
Carrying amount of financial liabilities		
Measured at amortised cost	4,434,223	1,824,190
	<u>4,434,223</u>	<u>1,824,190</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****16 Stocks**

	2019	2018
	£	£
Raw materials and consumables	2,976	4,892

17 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	1,613,063	1,783,014
Amounts owed by undertakings in which the company has a participating interest	4,780	115,652
Other debtors	133,793	149,991
Prepayments and accrued income	194,499	154,557
	<u>1,946,135</u>	<u>2,203,214</u>

	2019	2018
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	135,470	-

Total debtors	<u>2,081,605</u>	<u>2,203,214</u>
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BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****18 Creditors: amounts falling due within one year**

	Notes	2019 £	2018 £
Bank loans		137,812	-
Trade creditors		282,939	195,613
Corporation tax		134,134	153,745
Other taxation and social security		406,431	388,016
Other creditors		1,238,826	637,044
Accruals and deferred income		1,487,549	991,533
		<u>3,687,691</u>	<u>2,365,951</u>

As at the year end the company's bank, being Barclays plc, has a fixed charge over the two investment properties owned by the company, along with standard charges over credit balances.

19 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts		<u>1,287,097</u>	<u>-</u>

20 Deferred taxation

The deferred tax asset of £135,470 (2018- deferred tax liability £45,220) arising from the defined benefit pension scheme liability is recognised below.

The directors have not recognised the deferred tax liability/asset arising from the net fixed asset timing differences on the grounds of materiality.

Movements in the year:	2019 £
Liability at 1 January 2019	45,220
Credit to other comprehensive income	(180,690)
Liability/(Asset) at 31 December 2019	<u>(135,470)</u>

The deferred tax asset set out above is expected to reverse in the next 3 years.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	55,892	70,618
	<u>55,892</u>	<u>70,618</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees. Pensions are linked to the members' final pensionable salary and service at their retirement (or date of leaving if earlier). The scheme has been closed to new entrants since 1 August 2000.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by Royal London, Fellow of the Institute of Actuaries as at 1 August 2017. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	2019	2018
	%	%
<i>Key assumptions</i>		
Discount rate	1.9	2.7
Expected rate of increase of pensions in payment	5	5
Expected rate of salary increases	2	2
Retail price inflation	3.2	3.3
	<u>3.2</u>	<u>3.3</u>
<i>Mortality assumptions</i>		
Assumed life expectations on retirement at age 65:	2019	2018
	Years	Years
Retiring today		
- Males	21.8	21.8
- Females	24.0	23.7
	<u>24.0</u>	<u>23.7</u>
Retiring in 20 years		
- Males	23.1	22.8
- Females	25.5	24.9
	<u>25.5</u>	<u>24.9</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****21 Retirement benefit schemes****(Continued)**

	2019	2018
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	56,000	67,000
Net interest on defined benefit liability/(asset)	(10,000)	(2,000)
Total costs	<u>46,000</u>	<u>65,000</u>
	2019	2018
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(693,000)	113,000
Less: calculated interest element	<u>246,000</u>	<u>226,000</u>
Return on scheme assets excluding interest income	(447,000)	339,000
Actuarial changes related to obligations	<u>1,620,000</u>	<u>(504,000)</u>
Total costs/(income)	<u>1,173,000</u>	<u>(165,000)</u>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2019	2018
	£	£
Present value of defined benefit obligations	9,645,000	8,954,000
Fair value of plan assets	<u>(8,932,000)</u>	<u>(9,246,000)</u>
Deficit/(surplus) in scheme	<u>713,000</u>	<u>(292,000)</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****21 Retirement benefit schemes (Continued)**

	2019
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2019	8,954,000
Current service cost	56,000
Benefits paid	(1,240,000)
Contributions from scheme members	19,000
Actuarial gains and losses	1,620,000
Interest cost	236,000
	<hr/>
At 31 December 2019	9,645,000
	<hr/> <hr/>

	2019
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2019	9,246,000
Interest income	246,000
Return on plan assets (excluding amounts included in net interest)	447,000
Benefits paid	(1,240,000)
Contributions by the employer	214,000
Contributions by scheme members	19,000
	<hr/>
At 31 December 2019	8,932,000
	<hr/> <hr/>

The actual return on plan assets was £693,000 (2018 - £113,000).

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
39,000 Ordinary shares of 5p each	1,950	1,950
	<hr/> <hr/>	<hr/> <hr/>

23 Reserves**Share premium**

Amounts subscribed for share capital in excess of nominal value.

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****23 Reserves****(Continued)****Capital redemption reserve**

An amount of money that a company in the UK must keep when it buys back shares, and which it cannot pay to shareholders as dividends.

Treasury reserve

During the year the company had purchases of 5,050 shares into the treasury for £813,050.

Profit and loss account

This comprises of opening retained earnings, the profit or loss for the year and dividends paid as set out in the statement of changes in equity.

24 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	91,125	16,157
Between two and five years	218,936	80,952
	<u>310,061</u>	<u>97,109</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>102,590</u>	<u>-</u>

26 Related party transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management personnel consists of the board of directors. Directors remuneration is disclosed as per note 6.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Related party transactions

(Continued)

Transactions with related parties

During the year the company supplied services to the value of £264,582 (2018 - £115,652) to Hereford Market Auctioneers Limited, an associated company undertaking. The services were supplied at open market value. Brightwells Limited was owed £4,780 (2018 - £115,652) 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.

Since the reporting date, the company has disposed of its investment in Hereford Market Auctioneers Limited to a third party.

27 Directors' transactions

Dividends totalling £0 (2018 - £66,938) were paid in the year in respect of shares held by the company's directors.

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019****28 Cash generated from operations**

	2019	2018
	£	£
Profit for the year after tax	885,178	983,243
Adjustments for:		
Taxation charged	200,930	192,314
Finance costs	29,473	-
Investment income	(284,345)	(235,947)
Gain on disposal of tangible fixed assets	(21,136)	(1,610)
Amortisation and impairment of intangible assets	1,138	15,662
Depreciation and impairment of tangible fixed assets	127,046	101,311
Pension scheme cash movement in excess of charge	(158,000)	(157,960)
Movements in working capital:		
Decrease/(increase) in stocks	1,916	(1,572)
Decrease/(increase) in debtors	257,079	(313,929)
Increase in creditors	1,203,539	628,284
Cash generated from operations	2,242,818	1,209,796

29 Analysis of changes in net funds/(debt)

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	851,198	355,190	1,206,388
Borrowings excluding overdrafts	-	(1,424,909)	(1,424,909)
	<u>851,198</u>	<u>(1,069,719)</u>	<u>(218,521)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.