

**Brightwells Limited**  
**Strategic Report, Report of the Directors and**  
**Audited Financial Statements for the Year Ended 31 December 2021**

**Brightwells Limited**

**Company Information  
for the Year Ended 31 December 2021**

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**DIRECTORS:**

N W E Gorst  
R J Binnersley  
R A Bound  
T I Parry

**SECRETARY:**

G P M Fitzgerald

**REGISTERED OFFICE:**

Easters Court  
Leominster  
Herefordshire  
HR6 0DE

**REGISTERED NUMBER:**

02052714 (England and Wales)

**AUDITORS:**

BPU Limited  
Chartered Accountants  
Statutory Auditor  
Radnor House  
Greenwood Close  
Cardiff Gate Business Park  
Cardiff  
CF23 8AA

**Strategic Report  
for the Year Ended 31 December 2021**

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The directors present their strategic report for the year ended 31 December 2021.

**Fair review of the business**

The directors believe that the results for 2021 represent a strong trading performance in the current economic climate.

**Principal risks and uncertainties**

The directors consider that the main financial risks to the business lie in the areas of the 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. 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 transact very little business in foreign currency and where this does occur the risk is mitigated by utilising the services of a specialist trading company and maintaining foreign currency accounts. The directors recognise that there is always an element of risk present because of the nature of such transactions is that the timing thereof is not readily predictable.

**Key performance indicators**

The 2021 figures again show that the company has succeeded in managing the risks associated with economic downturn.

The outcome for 2021 is summarised as follows; increased gross turnover levels from £7.8m to £9.1m (16%); an increase in gross profit as a percentage of turnover (17% in 2020 compared to 36% in 2021); and a decrease in pre tax profit as a percentage of gross turnover from 25.4% in 2020 to 20.9% in 2021.

**ON BEHALF OF THE BOARD:**

G P M Fitzgerald - Secretary

28 September 2022

**Report of the Directors  
for the Year Ended 31 December 2021**

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The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of auctioneers and valuers.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

N W E Gorst  
R J Binnersley  
R A Bound  
T I Parry

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- 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.

**Report of the Directors  
for the Year Ended 31 December 2021**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**THIS REPORT WAS APPROVED BY THE BOARD:**

G P M Fitzgerald - Secretary

28 September 2022

### **Opinion**

We have audited the financial statements of Brightwells Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risks of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

The laws and regulations that we determined were most significant to the company were the Auction Act, relevant RICS regulation, relevant Financial Conduct Authority regulation, the Companies Act, UK corporate tax laws and Employment Law.

We obtained an understanding of how the company is complying with those laws and regulations by making enquiries of the management and those charged with governance, and corroborated these enquiries through our review of board minutes and review of legal and professional spend for the year.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. We addressed the risk of management override of internal controls and assessed the effectiveness of the controls that management has in place to prevent and detect fraud, including testing of manual journals and evaluating the assumptions and judgements made by management in its significant accounting estimates.

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



## **Report of the Independent Auditors to the Members of Brightwells Limited**

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### **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 a Report of the Auditors 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.

Nicholas Matthew Toye FCA (Senior Statutory Auditor)  
for and on behalf of BPU Limited  
Chartered Accountants  
Statutory Auditor

30 September 2022

**Profit and Loss Account  
for the Year Ended 31 December 2021**

		<b>2021 Continuing £</b>	<b>2021 Discontinued £</b>	<b>2021 Total £</b>
	<b>Notes</b>			
<b>TURNOVER</b>	2	9,096,102	-	9,096,102
Cost of sales		<u>(5,821,333)</u>	-	<u>(5,821,333)</u>
<b>GROSS PROFIT</b>		3,274,769	-	3,274,769
Administrative expenses		<u>(2,379,562)</u>	-	<u>(2,379,562)</u>
		895,207	-	895,207
Other operating income	3	1,055,262	-	1,055,262
<b>OPERATING PROFIT</b>	5	1,950,469	-	1,950,469
Interest receivable & similar income		(16,832)	-	(16,832)
Interest payable and similar expenses	6	<u>(32,894)</u>	-	<u>(32,894)</u>
<b>PROFIT BEFORE TAXATION</b>		1,900,743	-	1,900,743
Tax on profit	7	<u>(428,586)</u>	-	<u>(428,586)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,472,157</u>	-	<u>1,472,157</u>

The notes form part of these financial statements

**Profit and Loss Account  
for the Year Ended 31 December 2021**

		2020 Continuing	2020 Discontinued	2020 Total restated
	Notes	£	£	as £
<b>TURNOVER</b>	2	7,321,866	498,039	7,819,905
Cost of sales		<u>(5,728,386)</u>	<u>(777,767)</u>	<u>(6,506,153)</u>
<b>GROSS PROFIT/(LOSS)</b>		1,593,480	(279,728)	1,313,752
Administrative expenses		<u>(2,164,142)</u>	<u>(266,274)</u>	<u>(2,430,416)</u>
		(570,662)	(546,002)	(1,116,664)
Other operating income	3	2,727,536	298,162	3,025,698
<b>OPERATING PROFIT/(LOSS)</b>	5	2,156,874	(247,840)	1,909,034
Interest receivable & similar income		112,587	-	112,587
Interest payable and similar expenses	6	<u>(37,249)</u>	<u>(6)</u>	<u>(37,255)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		2,232,212	(247,846)	1,984,366
Tax on profit/(loss)	7	<u>(57,791)</u>	<u>-</u>	<u>(57,791)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>2,174,421</u>	<u>(247,846)</u>	<u>1,926,575</u>

The notes form part of these financial statements

**Other Comprehensive Income  
for the Year Ended 31 December 2021**

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>as restated £</b>
	Notes		
<b>PROFIT FOR THE YEAR</b>		<b>1,472,157</b>	<b>1,926,575</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gain/loss on pension scheme		<b>1,268,000</b>	(950,000)
Revaluation gain on freehold property		<b>1,241,968</b>	-
Income tax relating to components of other comprehensive income		<b>(340,200)</b>	<b>132,430</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>2,169,768</b>	<b>(817,570)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<b>1,109,005</b>
Prior year adjustment	Note 8	<b>293,283</b>	
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>		<b>3,935,208</b>	

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2021**

		<b>2021</b>		<b>2020</b> as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		3		3
Tangible assets	10		5,474,827		4,121,493
Investments	11		250		250
Investment property	12		5,045,785		4,980,413
			<u>10,520,865</u>		<u>9,102,159</u>
<b>CURRENT ASSETS</b>					
Stocks	13	51,189		-	
Debtors	14	700,341		1,802,170	
Cash at bank		<u>4,270,482</u>		<u>4,059,593</u>	
		<u>5,022,012</u>		<u>5,861,763</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>4,509,110</u>		<u>5,913,964</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>512,902</u>		<u>(52,201)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>11,033,767</b>		<b>9,049,958</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(1,066,151)		(1,172,567)
<b>PROVISIONS FOR LIABILITIES</b>	20		(104,300)		-
<b>PENSION ASSET/(LIABILITY)</b>	23		6,000		(1,410,000)
<b>NET ASSETS</b>			<u><b>9,869,316</b></u>		<u><b>6,467,391</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		2,040		1,950
Share premium	22		503,812		503,902
Non distributable reserve	22		1,170,968		-
Capital redemption reserve	22		211		211
Treasury reserve	22		(4,697,125)		(4,457,125)
Retained earnings	22		<u>12,889,410</u>		<u>10,418,453</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><b>9,869,316</b></u>		<u><b>6,467,391</b></u>

The notes form part of these financial statements

**Brightwells Limited (Registered number: 02052714)**

**Balance Sheet - continued**  
**31 December 2021**

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The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022 and were signed on its behalf by:

N W E Gorst - Director

The notes form part of these financial statements

**Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Share premium £	
Balance at 1 January 2020	1,950	9,309,448	503,902	
Changes in equity				
Total comprehensive income	-	815,722	-	
Balance at 31 December 2020	1,950	10,125,170	503,902	
Prior year adjustment	-	293,283	-	
As restated	1,950	10,418,453	503,902	
Changes in equity				
Bonus share issue	90	-	(90)	
Total comprehensive income	-	2,470,957	-	
Balance at 31 December 2021	2,040	12,889,410	503,812	
	Non distributable reserve £	Capital redemption reserve £	Treasury reserve £	Total equity £
Balance at 1 January 2020	-	211	(3,213,925)	6,601,586
Changes in equity				
Other movements	-	-	(1,243,200)	(1,243,200)
Total comprehensive income	-	-	-	815,722
Balance at 31 December 2020	-	211	(4,457,125)	6,174,108
Prior year adjustment	-	-	-	293,283
As restated	-	211	(4,457,125)	6,467,391
Changes in equity				
Other movements	-	-	(240,000)	(240,000)
Total comprehensive income	1,170,968	-	-	3,641,925
Balance at 31 December 2021	1,170,968	211	(4,697,125)	9,869,316

The notes form part of these financial statements

**Cash Flow Statement  
for the Year Ended 31 December 2021**

		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>as restated £</b>
<b>Cash flows from operating activities</b>	<b>Notes</b>		
Cash generated from operations	1	<b>975,218</b>	3,266,089
Interest paid		<b>(32,894)</b>	(37,255)
Tax paid		<b>(30,491)</b>	(158,712)
Net cash from operating activities		<b><u>911,833</u></b>	<u>3,070,122</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(412,354)</b>	(369,114)
Purchase of investment property		<b>(19,447)</b>	-
Sale of tangible fixed assets		<b>89,105</b>	195,190
Sale of fixed asset investments		<b>-</b>	1,250,000
Interest received		<b>(16,832)</b>	55,587
Net cash from investing activities		<b><u>(359,528)</u></b>	<u>1,131,663</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		<b>(139,591)</b>	(132,380)
Purchase of own shares		<b>(240,000)</b>	(1,243,200)
New finance lease in year		<b>47,255</b>	27,000
Capital repayments in year		<b>(9,080)</b>	-
Net cash from financing activities		<b><u>(341,416)</u></b>	<u>(1,348,580)</u>
<b>Increase in cash and cash equivalents</b>		<b><u>210,889</u></b>	<u>2,853,205</u>
<b>Cash and cash equivalents at beginning of year</b>	<b>2</b>	<b><u>4,059,593</u></b>	<u>1,206,388</u>
<b>Cash and cash equivalents at end of year</b>	<b>2</b>	<b><u><u>4,270,482</u></u></b>	<u><u>4,059,593</u></u>

The notes form part of these financial statements



**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2021**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	as restated £
Profit before taxation	1,900,743	1,984,366
Depreciation charges	165,893	139,764
Profit on disposal of fixed assets	(41,517)	(1,319,594)
Loss on revaluation of fixed assets	41,582	-
Pension movement in excess of charge	(148,000)	(196,000)
Finance costs	32,894	37,255
Finance income	16,832	(112,587)
	<u>1,968,427</u>	<u>533,204</u>
(Increase)/decrease in stocks	(51,189)	2,976
Decrease in trade and other debtors	833,929	411,865
(Decrease)/increase in trade and other creditors	(1,775,949)	2,318,044
<b>Cash generated from operations</b>	<u><b>975,218</b></u>	<u><b>3,266,089</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2021**

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u><b>4,270,482</b></u>	<u><b>4,059,593</b></u>

**Year ended 31 December 2020**

	31/12/20	1/1/20
	as restated £	£
Cash and cash equivalents	<u><b>4,059,593</b></u>	<u><b>1,206,388</b></u>

**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2021**

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**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/21 £	Cash flow £	At 31/12/21 £
<b>Net cash</b>			
Cash at bank	<u>4,059,593</u>	<u>210,889</u>	<u>4,270,482</u>
	<u>4,059,593</u>	<u>210,889</u>	<u>4,270,482</u>
<b>Debt</b>			
Finance leases	(27,000)	(38,175)	(65,175)
Debts falling due within 1 year	(143,489)	671	(142,818)
Debts falling due after 1 year	<u>(1,149,040)</u>	<u>138,920</u>	<u>(1,010,120)</u>
	<u>(1,319,529)</u>	<u>101,416</u>	<u>(1,218,113)</u>
<b>Total</b>	<u>2,740,064</u>	<u>312,305</u>	<u>3,052,369</u>

**Notes to the Financial Statements  
for the Year Ended 31 December 2021**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Critical accounting 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 required the exercise of management judgement. Useful lives are regularly reviewed and should managements assessment of useful lives shorten then depreciation charges would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 10.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents auction commissions receivable by the company and amounts chargeable to clients fro 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.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intellectual property are being amortised evenly over their estimated useful life of three years.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

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**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- Between 10% - 33% straight line
Motor vehicles	- 20% and 33% straight line

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Stocks**

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

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**1. ACCOUNTING POLICIES - continued**

**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 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 legal 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 financial 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.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

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**1. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**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 transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

**1. ACCOUNTING POLICIES - continued**

**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 charges, 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 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.

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.

**Employee benefits**

The cost 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 asset.

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

**Discontinued operations**

A discontinued operation is a component of the company's business, the operations and cash flows of which can be clearly distinguished from the rest of the company and which represents a separate major line of business.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**2. TURNOVER**

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

An analysis of turnover by class of business is given below:

	<b>2021</b>	as	2020 restated
	£		£
Continuing operations	<b>9,096,102</b>		7,321,866
Discontinued operations	-		498,039
	<u><b>9,096,102</b></u>		<u>7,819,905</u>

**3. OTHER OPERATING INCOME**

	<b>2021</b>	as	2020 restated
	£		£
Rents received	<b>553,086</b>		429,764
Sundry receipts	<b>373,665</b>		388,632
Management & admin charges	-		221,265
Recharges & recovered costs	<b>132,489</b>		165,936
Grant income	<b>37,604</b>		570,941
Profit on sale of fixed asset investments	-		1,249,160
Gain/loss on revaluation of assets	<b>(41,582)</b>		-
	<u><b>1,055,262</b></u>		<u>3,025,698</u>

The overall total value of items sold through the auction house for the year amounted to £72,113,106 (2020: £59,435,183). 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.



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

4. EMPLOYEES AND DIRECTORS

	2021 £	as 2020 restated £
Wages and salaries	4,250,504	5,038,687
Social security costs	540,171	570,235
Other pension costs	104,951	149,478
	<u>4,895,626</u>	<u>5,758,400</u>

The average number of employees during the year was as follows:

	2021 as 2020 restated
Administrative Staff	15
Selling Staff	36
	<u>51</u>

	2021 £	as 2020 restated £
Directors' remuneration	<u>2,282,681</u>	<u>2,510,289</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>2</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2021 £	as 2020 restated £
Emoluments etc	<u>1,103,710</u>	<u>1,216,593</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2021</b>	as	2020 restated
	£		£
Depreciation - owned assets	<b>153,362</b>		139,670
Depreciation - assets on finance leases	<b>12,531</b>		94
Profit on disposal of fixed assets	<b>(41,517)</b>		(1,319,594)
Audit fees	<b>18,480</b>		13,100
Foreign exchange differences	-		(1,102)
Government grants	<b>(37,604)</b>		(465,665)
Other income	-		(126,000)
Operating lease charges	<b><u>65,232</u></b>		<u>56,620</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2021</b>	as	2020 restated
	£		£
Bank loan interest	<b><u>32,894</u></b>		<u>37,255</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2021</b>	as	2020 restated
	£		£
Current tax:			
UK corporation tax	<b>396,586</b>		57,791
Deferred tax	<b><u>32,000</u></b>		-
Tax on profit	<b><u>428,586</u></b>		<u>57,791</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**7. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 as restated £
Profit before tax	<u>1,900,743</u>	<u>1,984,366</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	361,141	377,030
Effects of:		
Expenses not deductible for tax purposes	14,307	23,666
Income not taxable for tax purposes	-	(309,350)
Capital allowances in excess of depreciation	-	(33,555)
Depreciation in excess of capital allowances	10,068	-
Adjustments to tax charge in respect of previous periods	3,169	-
Deferred tax	32,000	-
Loss on revaluation of investment property	7,901	-
Total tax charge	<u>428,586</u>	<u>57,791</u>

**Tax effects relating to effects of other comprehensive**

**income**

	2021 Gross £	Tax £	Net £
Actuarial gain/loss on pension scheme	1,268,000	(269,200)	998,800
Revaluation gain on freehold property	1,241,968	(71,000)	1,170,968
	<u>2,509,968</u>	<u>(340,200)</u>	<u>2,169,768</u>
		2020	
	Gross £	Tax £	Net £
Actuarial gain/loss on pension scheme	(950,000)	132,430	(817,570)

**8. PRIOR YEAR ADJUSTMENT**

During the preparation of the accounts for the year ended 31 December 2021 an overprovision of Corporation Tax was identified relating to the prior year. This has had the effect of increasing the brought forward reserves by £293,283.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

## 9. INTANGIBLE FIXED ASSETS

	Intellectual property £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>343,340</u>
<b>AMORTISATION</b>	
At 1 January 2021 and 31 December 2021	<u>343,337</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>3</u>
At 31 December 2020	<u>3</u>

## 10. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2021	4,081,553	991,910	162,924	5,236,387
Additions	51,372	240,003	120,979	412,354
Disposals	-	(83,800)	(22,550)	(106,350)
Revaluations	791,886	-	-	791,886
Reclassification/transfer	(174,811)	87,304	-	(87,507)
At 31 December 2021	<u>4,750,000</u>	<u>1,235,417</u>	<u>261,353</u>	<u>6,246,770</u>
<b>DEPRECIATION</b>				
At 1 January 2021	445,515	593,171	76,208	1,114,894
Charge for year	35,975	85,377	44,541	165,893
Eliminated on disposal	-	(38,491)	(20,271)	(58,762)
Revaluation adjustments	(450,082)	-	-	(450,082)
Reclassification/transfer	(31,408)	31,408	-	-
At 31 December 2021	<u>-</u>	<u>671,465</u>	<u>100,478</u>	<u>771,943</u>
<b>NET BOOK VALUE</b>				
At 31 December 2021	<u>4,750,000</u>	<u>563,952</u>	<u>160,875</u>	<u>5,474,827</u>
At 31 December 2020	<u>3,636,038</u>	<u>398,739</u>	<u>86,716</u>	<u>4,121,493</u>

Freehold property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in other comprehensive income.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**10. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 December 2021 is represented by:

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2021	791,886	-	-	791,886
Cost	3,958,114	1,235,417	261,353	5,454,884
	<u>4,750,000</u>	<u>1,235,417</u>	<u>261,353</u>	<u>6,246,770</u>

The net book value of assets held under finance leases or hire purchase contracts are £73,280 (2020: £29,406).

**11. FIXED ASSET INVESTMENTS**

	Unlisted investme £
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>250</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>250</u>
At 31 December 2020	<u>250</u>

The company owns shares in Farmers First Limited (<10%).

**12. INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
At 1 January 2021	4,980,413
Additions	19,447
Revaluations	(41,582)
Reclassification/transfer	87,507
At 31 December 2021	<u>5,045,785</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>5,045,785</u>
At 31 December 2020	<u>4,980,413</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**12. INVESTMENT PROPERTY - continued**

Investment property comprises land and estate in Portsmouth, a property in Worcestershire and a property in Hereford. The Portsmouth property was revalued by Hellier Langston Commercial Property Consultants on 8th July 2021. Both the Worcestershire property and the Hereford property were revalued on 20th August 2021 by Alder King Property Consultants.

Fair value at 31 December 2021 is represented by:

	£
Valuation in 2021	(41,582)
Cost	5,087,367
	<u>5,045,785</u>

**13. STOCKS**

	2021	as	2020 restated
	£		£
Stocks	<u>51,189</u>		<u>-</u>

**14. DEBTORS**

	2021	as	2020 restated
	£		£
Amounts falling due within one year:			
Trade debtors	522,020		1,360,637
Other debtors	143,198		107,715
Prepayments and accrued income	35,123		65,918
	<u>700,341</u>		<u>1,534,270</u>
Amounts falling due after more than one year:			
Deferred tax asset	<u>-</u>		<u>267,900</u>
Aggregate amounts	<u>700,341</u>		<u>1,802,170</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	as 2020 restated £
Bank loans and overdrafts (see note 17)	142,818	143,489
Finance leases (see note 18)	9,144	3,473
Trade creditors	411,755	1,294,215
Corporation tax	399,308	33,213
Social security and other taxes	238,173	249,015
Other creditors	705,003	877,414
Accruals and deferred income	2,602,909	3,313,145
	<u>4,509,110</u>	<u>5,913,964</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	as 2020 restated £
Bank loans (see note 17)	1,010,120	1,149,040
Finance leases (see note 18)	56,031	23,527
	<u>1,066,151</u>	<u>1,172,567</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2021 £	as 2020 restated £
Amounts falling due within one year or on demand:		
Bank loans	<u>142,818</u>	<u>143,489</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,010,120</u>	<u>1,149,040</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2021	2020
	as	restated
	£	£
Net obligations repayable:		
Within one year	9,144	3,473
Between one and five years	56,031	23,527
	<u>65,175</u>	<u>27,000</u>
	Non-cancellable operating leases	
	2021	2020
	as	restated
	£	£
Within one year	26,191	42,544
Between one and five years	35,891	39,477
	<u>62,082</u>	<u>82,021</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	as	restated
	£	£
Bank loans	1,152,938	1,292,529
Finance leases	65,175	27,000
	<u>1,218,113</u>	<u>1,319,529</u>

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

The finance lease contracts are secured over the assets to which they relate.



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

20. PROVISIONS FOR LIABILITIES

	2021 £	as 2020 restated £
Deferred tax	<u>104,300</u>	<u>-</u>
		Deferred tax £
Provided during year		<u>104,300</u>
Balance at 31 December 2021		<u>104,300</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2021 £	2020 as restated £
40,800	Ordinary	0.05	<u>2,040</u>	<u>1,950</u>

1,800 Ordinary shares of 0.05 each were allotted as fully paid as a bonus issue out of reserves during the year.

22. RESERVES

	Retained earnings £	Share premium £	Non distributable reserve £
At 1 January 2021	10,125,170	503,902	-
Prior year adjustment	<u>293,283</u>		
	10,418,453		
Profit for the year	1,472,157		
Revaluation	1,170,968	-	-
Defined benefit pension scheme movement	998,800	-	-
Transfer revaluation increase	(1,170,968)	-	1,170,968
Bonus share issue	-	(90)	-
At 31 December 2021	<u>12,889,410</u>	<u>503,812</u>	<u>1,170,968</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

## 22. RESERVES - continued

	Capital redemption reserve £	Treasury reserve £	Totals £
At 1 January 2021	211	(4,457,125)	6,172,158
Prior year adjustment			293,283
			<u>6,465,441</u>
Profit for the year			1,472,157
Revaluation	-	-	1,170,968
Defined benefit pension scheme movement	-	-	998,800
Bonus share issue	-	-	(90)
Other movements	-	(240,000)	(240,000)
At 31 December 2021	<u>211</u>	<u>(4,697,125)</u>	<u>9,867,276</u>

## 23. EMPLOYEE BENEFIT OBLIGATIONS

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 2020. The valuation has been updated to 31 December 2021 by making approximate allowance for further benefit accrual for active members, actual pensionable salary increases, the payment of benefits, the different effective date of the calculations, the different actuarial assumptions used and the death of insured pensioners. 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.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>as restated £</b>
Present value of funded obligations	<b>(8,949,000)</b>	(9,920,000)
Fair value of plan assets	<b>8,955,000</b>	8,510,000
	<b>6,000</b>	(1,410,000)
Present value of unfunded obligations	-	-
Surplus/(Deficit)	<b>6,000</b>	(1,410,000)
Net asset/(liability)	<b>6,000</b>	(1,410,000)

The amounts recognised in profit or loss are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>as restated £</b>
Current service cost	<b>44,000</b>	69,000
Net interest from net defined benefit asset/liability	<b>17,000</b>	(57,000)
Past service cost	-	-
Gains/losses on settlements and curtailments	-	(50,000)
	<b>61,000</b>	(38,000)
Actual return on plan assets	<b>576,000</b>	454,000

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	as	restated
	£	£
Opening defined benefit obligation	<b>9,920,000</b>	9,645,000
Current service cost	<b>44,000</b>	69,000
Contributions by scheme participants	<b>9,000</b>	14,000
Interest cost	<b>127,000</b>	169,000
Actuarial losses/(gains)	<b>(802,000)</b>	1,178,000
Benefits paid	<b>(349,000)</b>	(1,105,000)
Settlements	<b>-</b>	(50,000)
	<b><u>8,949,000</u></b>	<b><u>9,920,000</u></b>

Changes in the fair value of scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	as	restated
	£	£
Opening fair value of scheme assets	<b>8,510,000</b>	8,932,000
Contributions by employer	<b>209,000</b>	215,000
Contributions by scheme participants	<b>9,000</b>	14,000
Interest Income	<b>110,000</b>	226,000
Benefits paid	<b>(349,000)</b>	(1,105,000)
Return on plan assets (excluding interest income)	<b>466,000</b>	228,000
	<b><u>8,955,000</u></b>	<b><u>8,510,000</u></b>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

## 23. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	as	restated
	£	£
Return on plan assets (excluding interest income)	<b>466,000</b>	228,000
Actuarial gains/(losses)	<b>802,000</b>	(1,178,000)
	<b><u>1,268,000</u></b>	<b><u>(950,000)</u></b>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	as	restated
Equities	<b>30%</b>	26%
Bonds	<b>14%</b>	14%
Property	<b>16%</b>	15%
Cash	<b>3%</b>	2%
Annuities	<b>37%</b>	43%
	<b><u>100%</u></b>	<b><u>100%</u></b>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2021</b>	<b>2020</b>
	as	restated
Discount rate	<b>2.00%</b>	1.30%
Future salary increases	<b>2.00%</b>	2.00%
Future pension increases	<b>5.00%</b>	5.00%
Retail price inflation	<b>3.60%</b>	3.10%

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

Mortality assumptions	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.9	21.8
- Females	<u>24.2</u>	<u>24.2</u>
Retiring in 20 years		
- Males	23.1	23.2
- Females	<u>25.7</u>	<u>25.5</u>

24. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the years ended 31 December 2021 and 31 December 2020:

	2021 £	as 2020 restated £
<b>N W E Gorst</b>		
Balance outstanding at start of year	(32,500)	(33,563)
Amounts repaid	-	1,063
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(32,500)</u>	<u>(32,500)</u>
<b>R J Binnersley</b>		
Balance outstanding at start of year	(32,500)	(32,500)
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(32,500)</u>	<u>(32,500)</u>
<b>T I Parry</b>		
Balance outstanding at start of year	(5,852)	(8,327)
Amounts repaid	5,852	2,475
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>(5,852)</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.