

Company Registration No. 02052714 (England and Wales)

BRIGHTWELLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The directors believe that the results for 2020 represent a strong trading performance in the current economic climate following the impact of the global pandemic as a result of COVID-19. During the year, there have been multiple discontinued operations which have been separately disclosed.

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 2020 represent a strong trading performance in the current economic climate. The decrease in revenues is a result of the impact of the pandemic along with the closure/ sale of several divisions during the year.

BRIGHTWELLS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key performance indicators

The 2020 figures again show that the company has succeeded in managing the risks associated with economic downturn.

The outcome for 2020 from continuing operations is summarised as follows: decreased gross turnover levels from £9m to £8m (-13%); an decrease in gross profit as a percentage of turnover (34% in 2019 compared to 17% in 2020); and a increase in pre tax profit as a percentage of gross turnover from 12.1% in 2019 to 25.6 in 2020.

By order of the board

G P M Fitzgerald

Secretary

22 September 2021

BRIGHTWELLS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

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

Results and dividends

The results for the year are set out on page 10.

During the year the company paid dividends of £nil (2019: £nil).

Directors

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

RJ Binnersley
NWE Gorst
TI Parry
RA Bound

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

22 September 2021

BRIGHTWELLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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 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 2020 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

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.

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

Other information

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which noncompliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included:

- review of the financial statement disclosures to underlying supporting documentation
- enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 by, for example, forgery or intentional misrepresentations, or through collusion.

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 audit report.

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

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

24 September 2021

Chartered Accountants
Statutory Auditor

BRIGHTWELLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		Continuing operations	Discontinued operations	31 December 2020	Continuing operations	Discontinued operations	31 December 2019
	Notes	£	£	£	£	£	£
Turnover	3	7,321,866	498,039	7,819,905	7,176,997	1,829,280	9,006,277
Cost of sales		(5,728,386)	(777,767)	(6,506,153)	(4,795,745)	(1,112,668)	(5,908,413)
Gross profit		1,593,480	(279,728)	1,313,752	2,381,252	716,612	3,097,864
Administrative expenses		(2,164,142)	(140,274)	(2,304,416)	(2,688,888)	(531,535)	(3,220,423)
Other operating income		1,109,192	172,162	1,281,354	800,695	153,100	953,795
Operating profit	4	538,530	(247,840)	290,690	493,059	338,177	831,236
Interest receivable and similar income	7	481,771	-	481,771	284,345	-	284,345
Interest payable and similar expenses	8	(37,249)	(6)	(37,255)	(29,551)	78	(29,473)
Profit on disposal of fixed asset investments	9	1,249,160	-	1,249,160	-	-	-
Profit before taxation		2,232,212	(247,846)	1,984,366	747,853	338,255	1,086,108
Tax on profit	10	(351,074)	-	(351,074)	(200,930)	-	(200,930)
Profit for the financial year		1,881,138	(247,846)	1,633,292	546,923	338,255	885,178

BRIGHTWELLS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£
Profit for the year	1,633,292	885,178
	<u> </u>	<u> </u>
Other comprehensive income		
Actuarial loss on defined benefit pension schemes	(950,000)	(1,173,000)
Deferred tax relating to defined benefit pension scheme	132,430	180,690
	<u> </u>	<u> </u>
Other comprehensive income for the year	(817,570)	(992,310)
	<u> </u>	<u> </u>
Total comprehensive income for the year	815,722	(107,132)
	<u> </u>	<u> </u>

BRIGHTWELLS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		3		3
Tangible assets	13		4,121,493		4,016,899
Investment properties	14		4,980,413		4,980,413
Investments	15		250		1,090
			<u>9,102,159</u>		<u>8,998,405</u>
Current assets					
Stocks	17	-		2,976	
Debtors	18	735,035		2,081,605	
Cash at bank and in hand		4,059,593		1,206,388	
			<u>4,794,628</u>	<u>3,290,969</u>	
Creditors: amounts falling due within one year	19	<u>(5,140,112)</u>		<u>(3,687,691)</u>	
Net current liabilities			<u>(345,484)</u>		<u>(396,722)</u>
Total assets less current liabilities			8,756,675		8,601,683
Creditors: amounts falling due after more than one year	20		<u>(1,172,567)</u>		<u>(1,287,097)</u>
Net assets excluding pension liability			7,584,108		7,314,586
Defined benefit pension liability	23		<u>(1,410,000)</u>		<u>(713,000)</u>
Net assets			<u><u>6,174,108</u></u>		<u><u>6,601,586</u></u>
Capital and reserves					
Called up share capital	24		1,950		1,950
Share premium account	25		503,902		503,902
Capital redemption reserve	25		211		211
Own shares	25		(4,457,125)		(3,213,925)
Profit and loss reserves	25		10,125,170		9,309,448
Total equity			<u><u>6,174,108</u></u>		<u><u>6,601,586</u></u>

BRIGHTWELLS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 22 September 2021 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 2020**

	Share capital	Share premium account	Capital redemption reserve	Treasury reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Balance at 1 January 2019	1,950	503,902	211	(2,400,875)	9,416,580	7,521,768
Year ended 31 December 2019:						
Profit for the year	-	-	-	-	885,178	885,178
Other comprehensive income:						
Actuarial gains 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 CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Capital redemption reserve	Treasury reserve	Profit and loss reserves	Total
	£	£	£	£	£	£
Year ended 31 December 2020:						
Profit for the year	-	-	-	-	1,633,292	1,633,292
Other comprehensive income:						
Actuarial losses on defined benefit plans	-	-	-	-	(950,000)	(950,000)
Tax relating to pension	-	-	-	-	132,430	132,430
Total comprehensive income for the year	-	-	-	-	815,722	815,722
Other movements	-	-	-	(1,243,200)	-	(1,243,200)
Balance at 31 December 2020	1,950	503,902	211	(4,457,125)	10,125,170	6,174,108

BRIGHTWELLS LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	30	2,896,905	2,242,818
Interest paid		(37,255)	(29,473)
Income taxes paid		(158,712)	(220,541)
Net cash inflow from operating activities		<u>2,700,938</u>	<u>1,992,804</u>
Investing activities			
Purchase of tangible fixed assets		(369,114)	(145,209)
Proceeds on disposal of tangible fixed assets		195,190	26,750
Purchase of investment property		-	(2,405,359)
Proceeds on disposal of fixed asset investments		1,250,000	-
Interest received		55,587	19,304
Other investment income received		369,184	255,041
Net cash generated from/(used in) investing activities		<u>1,500,847</u>	<u>(2,249,473)</u>
Financing activities			
Purchase of own shares		(1,243,200)	(813,050)
Receipt of new bank loans		-	1,500,000
Bank loan repayments		(132,380)	(75,091)
Receipt of new finance leases		27,000	-
Net cash (used in)/generated from financing activities		<u>(1,348,580)</u>	<u>611,859</u>
Net increase in cash and cash equivalents		<u>2,853,205</u>	<u>355,190</u>
Cash and cash equivalents at beginning of year		<u>1,206,388</u>	<u>851,198</u>
Cash and cash equivalents at end of year		<u><u>4,059,593</u></u>	<u><u>1,206,388</u></u>

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

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 2020

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.

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.

1.9 Taxation

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

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.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

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.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 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.

1.14 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.

1.15 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.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 23.

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 18.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Continuing operations - commissions receivable	7,321,866	7,176,997
Discontinued operations - commissions receivable	498,039	1,829,280
	<u>7,819,905</u>	<u>9,006,277</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

3	Turnover and other revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Interest income	112,587	29,304
	Royalty income	91,308	93,033
	Recharges received	51,018	79,781
	Grants received - furlough income	465,655	-
		<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

The overall total value of items sold through the auction house for the year amounted to £59,435,183 (2019: £72,771,951). 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	2020	2019
		£	£
	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	(1,102)	(4,331)
	Government grants - furlough income	(465,655)	-
	Fees payable to the company's auditor for the audit of the company's financial statements	13,100	11,950
	Depreciation of owned tangible fixed assets	139,764	127,046
	Profit on disposal of tangible fixed assets	(70,434)	(21,136)
	Other income	(126,000)	-
	Amortisation of intangible assets	-	1,138
	Operating lease charges	56,620	224,083
		<u> </u>	<u> </u>

Other income represents the proceeds on disposal of the residential property division which was sold during the year.

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2020**5 Employees**

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

	2020	2019
	Number	Number
Administrative Staff	15	14
Selling Staff	78	104
Total	93	118

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	5,038,687	4,048,355
Social security costs	570,235	388,248
Pension costs	149,478	161,772
	5,758,400	4,598,375

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	2,510,289	663,616

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (2019 - 3).

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

	2020	2019
	£	£
Remuneration for qualifying services	1,204,301	280,460
Company pension contributions to defined contribution schemes	12,292	7,810

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2020**7 Interest receivable and similar income**

	2020	2019
	£	£
Interest income		
Interest on bank deposits	5,587	19,304
Interest on the net defined benefit asset	57,000	10,000
Gains on curtailments	50,000	-
	<u>112,587</u>	<u>29,304</u>
Total interest revenue	112,587	29,304
Income from fixed asset investments		
Income from other fixed asset investments	369,184	255,041
	<u>481,771</u>	<u>284,345</u>
Total income	481,771	284,345

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	5,587	19,304
	<u>5,587</u>	<u>19,304</u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	37,255	29,473
	<u>37,255</u>	<u>29,473</u>

9 Profit on disposal of fixed asset investments

	2020	2019
	£	£
Gain on disposal of fixed asset investments	1,249,160	-
	<u>1,249,160</u>	<u>-</u>

Further information regarding the above disposal is included in note 15.

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2020**10 Taxation**

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	349,290	204,229
Adjustments in respect of prior periods	1,784	(3,299)
Total current tax	<u>351,074</u>	<u>200,930</u>

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:

	2020	2019
	£	£
Profit before taxation	<u>1,984,366</u>	<u>1,086,108</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	377,030	206,361
Adjustments in respect of prior years	1,784	24,589
Defined benefit pension scheme	(27,740)	(30,020)
Taxation charge for the year	<u>351,074</u>	<u>200,930</u>

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:

	2020	2019
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	<u>(132,430)</u>	<u>(180,690)</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2020**11 Discontinued operations**

During the year, the following divisions of the company were discontinued:

- Fine Arts - closed July 2020
- Equine - closed March 2020
- Livestock - sold as part of the sale of the Hereford Market Auctioneers shares sale in July 2020
- Residential property - sold for £126,000 in September 2020, with no cost of disposal, which is currently being shown as other income.

The results for the current and comparative year for the above have been disclosed separately on the face of the profit and loss account.

12 Intangible fixed assets

	Intellectual property £
Cost	
At 1 January 2020 and 31 December 2020	343,340
	<hr/>
Amortisation and impairment	
At 1 January 2020 and 31 December 2020	343,337
	<hr/>
Carrying amount	
At 31 December 2020	3
	<hr/>
At 31 December 2019	3
	<hr/>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****13 Tangible fixed assets**

	Freehold buildings	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	4,185,846	723,841	118,267	5,027,954
Additions	-	304,107	65,007	369,114
Disposals	(104,293)	(36,038)	(20,350)	(160,681)
At 31 December 2020	4,081,553	991,910	162,924	5,236,387
Depreciation and impairment				
At 1 January 2020	416,345	525,713	68,997	1,011,055
Depreciation charged in the year	32,127	86,697	20,940	139,764
Eliminated in respect of disposals	(2,957)	(19,239)	(13,729)	(35,925)
At 31 December 2020	445,515	593,171	76,208	1,114,894
Carrying amount				
At 31 December 2020	3,636,038	398,739	86,716	4,121,493
At 31 December 2019	3,769,501	198,128	49,270	4,016,899

14 Investment property

	2020
	£
Fair value	
At 1 January 2020 and 31 December 2020	4,980,413

Investment property comprises land and estate in Portsmouth, along with a 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 2019, at the purchase price of £2,405,359. As at the year ended 31 December 2020, the directors of the company consider that the purchase price of both properties still represents their fair value.

15 Fixed asset investments

	2020	2019
	£	£
Unlisted investments	250	1,090

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****15 Fixed asset investments (Continued)**

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

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

16 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	401,217	1,751,636
Instruments measured at fair value through profit or loss	4,980,663	4,981,503
	<u>5,381,880</u>	<u>6,733,139</u>
Carrying amount of financial liabilities		
Measured at amortised cost	5,737,168	4,434,223
	<u>5,737,168</u>	<u>4,434,223</u>

17 Stocks

	2020	2019
	£	£
Raw materials and consumables	-	2,976
	<u>-</u>	<u>2,976</u>

18 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	293,502	1,613,063
Amounts owed by undertakings in which the company has a participating interest	-	4,780
Other debtors	107,715	133,793
Prepayments and accrued income	65,918	194,499
	<u>467,135</u>	<u>1,946,135</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 22)	267,900	135,470
	<u>267,900</u>	<u>135,470</u>
Total debtors	<u>735,035</u>	<u>2,081,605</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****19 Creditors: amounts falling due within one year**

	Notes	2020 £	2019 £
Bank loans		143,489	137,812
Obligations under finance leases	21	3,473	-
Trade creditors		227,080	282,939
Corporation tax		326,496	134,134
Other taxation and social security		249,015	406,431
Other creditors		877,414	1,238,826
Accruals and deferred income		3,313,145	1,487,549
		<u>5,140,112</u>	<u>3,687,691</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.

20 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts		1,149,040	1,287,097
Obligations under finance leases	21	23,527	-
		<u>1,172,567</u>	<u>1,287,097</u>

21 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	3,473	-
In two to five years	23,527	-
	<u>27,000</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets.

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****22 Deferred taxation**

The deferred tax asset of £267,900 (2019 - £135,470) 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.

	2020
Movements in the year:	£
Liability/(Asset) at 1 January 2020	(135,470)
Credit to other comprehensive income	(132,430)
	<u> </u>
Liability/(Asset) at 31 December 2020	(267,900)
	<u> </u>

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

23 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	55,892	70,618
	<u> </u>	<u> </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 2020. 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.

BRIGHTWELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes	(Continued)	
<i>Key assumptions</i>	2020 %	2019 %
Discount rate	1.3	1.9
Expected rate of increase of pensions in payment	5	5
Expected rate of salary increases	2	2
Retail price inflation	3.1	3.2
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.8	21.8
- Females	24.2	24.0
Retiring in 20 years		
- Males	23.2	23.1
- Females	25.5	25.5
<i>Amounts recognised in the profit and loss account</i>	2020 £	2019 £
Current service cost	69,000	56,000
Net interest on defined benefit liability/(asset)	(57,000)	(10,000)
Total costs	12,000	46,000
<i>Amounts taken to other comprehensive income</i>	2020 £	2019 £
Actual return on scheme assets	(454,000)	(693,000)
Less: calculated interest element	226,000	246,000
Return on scheme assets excluding interest income	(228,000)	(447,000)
Actuarial changes related to obligations	1,178,000	1,620,000
Total costs	950,000	1,173,000

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2020**23 Retirement benefit schemes****(Continued)**

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020	2019
	£	£
Present value of defined benefit obligations	9,920,000	9,645,000
Fair value of plan assets	(8,510,000)	(8,932,000)
	<u> </u>	<u> </u>
Deficit in scheme	<u>1,410,000</u>	<u>713,000</u>

BRIGHTWELLS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020****23 Retirement benefit schemes****(Continued)**

	2020
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2020	9,645,000
Current service cost	69,000
Plan introductions, changes, curtailments and settlements	(50,000)
Benefits paid	(1,105,000)
Contributions from scheme members	14,000
Actuarial gains and losses	1,178,000
Interest cost	169,000
	<hr/>
At 31 December 2020	9,920,000
	<hr/>

	2020
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2020	8,932,000
Interest income	226,000
Return on plan assets (excluding amounts included in net interest)	228,000
Benefits paid	(1,105,000)
Contributions by the employer	215,000
Contributions by scheme members	14,000
	<hr/>
At 31 December 2020	8,510,000
	<hr/>

The actual return on plan assets was £454,000 (2019 - £693,000).

24 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 5p each	39,000	39,000	1,950	1,950
	<hr/>	<hr/>	<hr/>	<hr/>

25 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 2020****25 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 7,400 shares into the treasury for £1,243,200.

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.

26 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:

	2020	2019
	£	£
Within one year	42,544	91,125
Between two and five years	39,477	218,936
	<u>82,021</u>	<u>310,061</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	<u>107,408</u>	<u>102,590</u>

28 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 2020

28 Related party transactions

(Continued)

Transactions with related parties

During the year the company supplied services to the value of £263,208 (2019 - £264,582) to Hereford Market Auctioneers Limited, an associated company undertaking. The services were supplied at open market value. Brightwells Limited was owed £nil (2019 - £4,780) at the year end. This debtor related to trading balances and was disclosed as amounts due from undertakings in which the company had a participating interest.

During the year, the company has disposed of its investment in Hereford Market Auctioneers Limited to a third party.

29 Directors' transactions

Dividends totalling £0 (2019 - £0) 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 2020****30 Cash generated from operations**

	2020 £	2019 £
Profit for the year after tax	1,633,292	885,178
Adjustments for:		
Taxation charged	351,074	200,930
Finance costs	37,255	29,473
Investment income	(481,771)	(284,345)
Gain on disposal of tangible fixed assets	(70,434)	(21,136)
Amortisation and impairment of intangible assets	-	1,138
Depreciation and impairment of tangible fixed assets	139,764	127,046
Gain on sale of investments	(1,249,160)	-
Pension scheme cash movement in excess of charge	(196,000)	(158,000)
Movements in working capital:		
Decrease in stocks	2,976	1,916
Decrease in debtors	1,479,000	257,079
Increase in creditors	1,250,909	1,203,539
Cash generated from operations	<u>2,896,905</u>	<u>2,242,818</u>

31 Analysis of changes in net funds/(debt)

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	1,206,388	2,853,205	4,059,593
Borrowings excluding overdrafts	(1,424,909)	132,380	(1,292,529)
Obligations under finance leases	-	(27,000)	(27,000)
	<u>(218,521)</u>	<u>2,958,585</u>	<u>2,740,064</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.