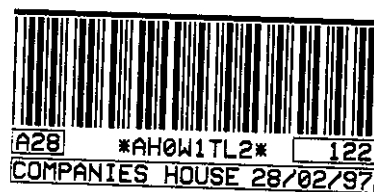


HALLS HOLDINGS LIMITED

Company Number 2536213

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 1996



**AUDITORS' REPORT TO THE DIRECTORS OF HALLS HOLDINGS LIMITED
PURSUANT TO PARAGRAPH 8 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 2 to 7 together with the full financial statements of Halls Holdings Limited for the year ended 30 April 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption claimed in the directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part 1 of Schedule 8 to that Act in respect of the year ended 30 April 1996 and the abbreviated accounts on pages 2 to 7 have been properly prepared in accordance with that schedule.

On 26 February 1997 we reported, as auditors of Halls Holdings Limited, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 April 1996 and our audit report was as follows:-

'We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion


We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.'

London House
Town Walls
Shrewsbury
SY1 1TX


CHARTERED ACCOUNTANTS
and Registered Auditor

26 February 1997

HALLS HOLDINGS LIMITED

ABBREVIATED BALANCE SHEET AT 30 APRIL 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	2	20,005	20,005
Investments - group undertakings	3	2,389	1,155
Investments - other	4	33,615	28,507
CURRENT ASSETS			
Debtors		261,363	177,177
Cash at bank		212,623	143,411
		<u>473,986</u>	<u>320,588</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		<u>117,853</u>	<u>72,714</u>
NET CURRENT ASSETS		<u>356,133</u>	<u>247,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>412,142</u>	<u>297,541</u>
CAPITAL AND RESERVES			
Called up share capital	5	105,000	105,000
Share premium		22,500	22,500
Profit and loss account		284,642	170,041
SHAREHOLDERS' FUNDS		<u>412,142</u>	<u>297,541</u>

Advantage is taken of the exemptions conferred by Section A Part III of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions having met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the board on 26 February 1997 and signed on its behalf by

D.R. Giles, Director

HALLS HOLDINGS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 1996

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

(c) Depreciation

No depreciation is charged on freehold land.

Each leasehold was purchased for one pound and has therefore not been depreciated.

(d) Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

(e) Investments

Investments held as fixed assets are stated at cost or at the value to which they have been written down to reflect a permanent diminution in value.

(f) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

2. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST AND NET BOOK VALUE	
At 1 May 1995	
and 30 April 1996	<u>20,005</u>

HALLS HOLDINGS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 1996

3. FIXED ASSET INVESTMENTS - GROUP UNDERTAKINGS

The company has taken advantage of the exemption conferred by section 248 of the Companies Act 1985 and have not prepared group accounts. In their opinion the group qualifies as a small sized group.

The company's investments in its subsidiaries, all of which are incorporated in England and Wales, are held in fully paid ordinary shares as follows:-

	Cost of shares £	Percentage of shares held %	Aggregate capital & reserves £	Profits after taxation £
Halls Shropshire Ltd	100	100	44,087	124,163
Halls Worcestershire Ltd	1,334	100	51,188	14,025
Hall Wateridge & Owen Ltd	955	100	955	NIL
	<hr/> 2,389 <hr/>			

The company has prosecuted its businesses of agricultural auctioneers and estate agents by delegating the conduct and running of them to its subsidiaries Halls Shropshire Ltd (Shropshire) and Halls Worcestershire Ltd (Worcs) but retaining to itself the goodwill of the businesses, ownership of all freehold and leasehold interests in property and licences and rights to conduct cattle and other auctions. To this end the company, through its Board of Directors, has authorised its subsidiaries Shropshire and Worcs to operate the businesses and occupy the properties without imposing any additional cost or charge other than the requirement that each subsidiary shall stand in the shoes of the company with regard to meeting all the costs and expenses arising from such operation and occupation. Shropshire and Worcs did not conduct any other business. Hall Wateridge and Owen Ltd was dormant throughout the period. The company has advised the boards of Shropshire and Worcs that it is the policy of the company as their ultimate holding company to provide financial support to enable their trading and that of the group to continue unhampered by financial restraints.

HALLS HOLDINGS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 1996

4. FIXED ASSET INVESTMENTS - OTHER

	1996		1995	
	£	£	£	£
Participating interest in:-				
Shrewsbury Livestock Auctioneers		16,818		16,818
Halls Market Company		16,797		11,689
Beacon (North Wales and North Midlands) Limited				
- Interests in associated undertakings	1,800		1,800	
- Loans to associated undertakings	30,500		24,500	
	<u>32,300</u>		<u>26,300</u>	
- Provision for permanent diminution in value (See (c) below)	32,300		26,300	
	<u>32,300</u>		<u>26,300</u>	
		-		-
		<u>33,615</u>		<u>28,507</u>

- (a) The cost of the company's investment in a participating interest in the unincorporated association known as Shrewsbury Livestock Auctioneers (SLA) which entitles the company to a 53.5% share in the profits and losses of SLA, was one pound (£1). During the years ended 30 April 1994 and 30 April 1995 the company introduced capital of a further £16,817. The principle place of business is The Smithfield, Battlefield Road, Shrewsbury, SY1 4AB.
- (b) The company acquired for cash on 1 January 1995 at a cost of £11,689 a participating interest in the unincorporated firm known as Halls Market Company (HMC) entitling the company to 4.23% interest in its profits and losses. On 1 January 1996 the company increased its participation to an interest in 6% of its profits and losses for an additional cost of £5,108. HMC holds a participating interest in the unincorporated firm known as Oswestry Cattle Auctions (OCA) which entitles HMC to a 26.75% share in the profits and losses of OCA. The principle business address of HMC is Welsh Bridge, Shrewsbury, SY3 8LA.
- (c) The company has an 18% interest (through a holding of 1800 £1.00 fully paid ordinary shares costing £1,800) in Beacon (North Wales and North Midlands) Limited (BNWNM) and has contributed loan capital of £30,500 to this company by the balance sheet date.

BNWNM is a franchise of Beacon Auctions Limited (BA) and the share capital of BA is owned by its franchisees of which there are ten in number including BNWNM.

BA operates a national electronic auction system based in York. The franchisees via their own computer terminals enter their customers' livestock into the national sales for sale direct to meat wholesalers on on deadweight basis.

HALLS HOLDINGS LIMITED
 NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 30 APRIL 1995

4. FIXED ASSET INVESTMENTS - OTHER - continued

The BNWNM investment has not achieved its financial targets to date, has ceased trading since the balance sheet date and is being wound up. The directors have provided in full for the permanent diminution in the value of this investment and loan capital to the balance sheet date. The directors' assessment of the results of the failure of BNWNM in the subsequent accounting period are set out in Note 7.

5. CALLED UP SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	1996	1995	1996	1995
	£	£	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	105,000	105,000

6. DIRECTORS

Transactions

The company holds a full repairing and insuring lease on normal commercial terms of freehold property which is occupied by a subsidiary for the conduct of business delegated to it by its parent. Mr R E Sadler, a director of this company and the subsidiary granted the lease on 1 November 1991 for a term of nine years but with an option for the tenant to terminate at the end of the third and sixth year at a rental of £8,000 per annum with rent reviews every three years. The company did not exercise its option to terminate at 31 October 1994 when the rental was revised to £9,500 per annum but the increase was attributable to extra accommodation made available to the company by Mr Sadler.

During the year the company's subsidiary Halls Shropshire Ltd sold auctioneering services to the value of £6,329 (1995 £6,798) to the unincorporated firm known as Oswestry Cattle Auctions on commercial terms freely entered into as at arms length.

The unincorporated firm known as Halls Market Company, whose partners include Messrs Willcock, Goff, Gittins and the company holds a partnership share in Oswestry Cattle Auctions which entitles it to a 26.75% share in the profits of Oswestry Cattle Auctions.

The partnership shares of Messrs Willcock, Goff, Gittins and the company in Halls Market Company are:-

M P Willcock	8.3%
R R Goff	10.5%
A T Gittins	21.0%
Halls Holdings Limited	6.0%

HALLS HOLDINGS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 1996

7. NON ADJUSTING POST BALANCE SHEET EVENT

The investment in Beacon (North Wales and North Midlands) Limited (BNWNM) (Note 4(c)) did not achieve its financial targets, has ceased to trade and is being wound up. Since the company's balance sheet date the company's share of the losses to cessation of trading and winding up costs of BNWNM have amounted to £10,800 with an estimate of a final contribution unlikely to exceed £2,000.