

Company Registration No. 08398688 (England and Wales)

Frome Livestock Auctioneers Limited

**Unaudited financial statements
for the year ended 31 May 2021**

Pages for filing with the Registrar

Frome Livestock Auctioneers Limited

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Frome Livestock Auctioneers Limited

**Balance sheet
As at 31 May 2021**

			2021	2020
	Notes	£	£	£
Fixed assets				
Intangible assets	3		3,648	5,593
Tangible assets	4		69,784	52,054
			<u>73,432</u>	<u>57,647</u>
Current assets				
Debtors	5	1,233,494	1,046,546	
Cash at bank and in hand		255,182	231,329	
		<u>1,488,676</u>	<u>1,277,875</u>	
Creditors: amounts falling due within one year	6	<u>(268,346)</u>	<u>(254,932)</u>	
Net current assets			<u>1,220,330</u>	<u>1,022,943</u>
Total assets less current liabilities			<u>1,293,762</u>	<u>1,080,590</u>
Creditors: amounts falling due after more than one year	7		(479,458)	(479,458)
Provisions for liabilities			<u>(11,324)</u>	<u>(10,953)</u>
Net assets			<u><u>802,980</u></u>	<u><u>590,179</u></u>
Capital and reserves				
Called up share capital	8		870	900
Capital redemption reserve	9		30	-
Profit and loss reserves			<u>802,080</u>	<u>589,279</u>
Total equity			<u><u>802,980</u></u>	<u><u>590,179</u></u>

Frome Livestock Auctioneers Limited

Balance sheet (continued)

As at 31 May 2021

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 May 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16 February 2022 and are signed on its behalf by:

Christopher Eden

Director

Company Registration No. 08398688

Frome Livestock Auctioneers Limited

Notes to the financial statements For the year ended 31 May 2021

1 Accounting policies

Company information

Frome Livestock Auctioneers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Midland House, 2 Poole Road, Bournemouth, Dorset, BH2 5QY.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover comprises auctioneer commissions, other market site income and rent receivable net of VAT and trade discounts.

1.3 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:

Website costs	25% straight line
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1.4 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.

1 Accounting policies (continued)

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:

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

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.

1.5 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.7 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, 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from shareholders, 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.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies (continued)

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 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.

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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Frome Livestock Auctioneers Limited

Notes to the financial statements (continued)

For the year ended 31 May 2021

1 Accounting policies (continued)

1.11 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

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

1.14 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

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

	2021	2020
	Number	Number
Total	28	30
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Frome Livestock Auctioneers Limited

Notes to the financial statements (continued)
For the year ended 31 May 2021

3 Intangible fixed assets

Website costs

	£
Cost	
At 1 June 2020 and 31 May 2021	7,840
Amortisation and impairment	
At 1 June 2020	2,247
Amortisation charged for the year	1,945
At 31 May 2021	4,192
Carrying amount	
At 31 May 2021	3,648
At 31 May 2020	5,593

4 Tangible fixed assets

**Plant and
machinery etc**

	£
Cost	
At 1 June 2020	212,714
Additions	45,727
Disposals	(876)
At 31 May 2021	257,565
Depreciation and impairment	
At 1 June 2020	160,660
Depreciation charged in the year	27,395
Eliminated in respect of disposals	(274)
At 31 May 2021	187,781
Carrying amount	
At 31 May 2021	69,784
At 31 May 2020	52,054

Frome Livestock Auctioneers Limited

Notes to the financial statements (continued)

For the year ended 31 May 2021

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,206,927	998,970
Other debtors	26,567	47,576
	<u>1,233,494</u>	<u>1,046,546</u>

6 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	-	41,329
Trade creditors	18,852	29,905
Taxation and social security	94,627	59,536
Other creditors	154,867	124,162
	<u>268,346</u>	<u>254,932</u>

7 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Shareholder loans	<u>479,458</u>	<u>479,458</u>

The above shareholder loans are not wholly repayable within five years other than by instalments.

8 Called up share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
840 (2020: 900) Ordinary A Shares of 50p each	420	450
900 Ordinary B Shares of 50p each	450	450
	<u>870</u>	<u>900</u>

All share classes rank pari passu with specific rights as set out in the Company's articles of association.

During the year the company repurchased 60 Ordinary A shares for £388.07 per share.

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Notes to the financial statements (continued)

For the year ended 31 May 2021

9 Capital redemption reserve

The Capital redemption reserve arises from the purchase of own shares to maintain the capital of the company.

10 Operating lease commitments

Lessee

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

2021	2020
£	£
353,250	529,875
<u> </u>	<u> </u>

The directors have identified that the company is exposed to financial uncertainty around the credit risk provided to its market clients and also its legal obligations regarding repair and maintenance expenditure of the leasehold property.

As such the Directors have segregated a proportion of the underlying profit generated by the company to build up specific funds to manage these risks and ensure that the company can meet its future obligations as they arise. The level of profit segregated for this purpose amounted to £228,000 (2020: £231,000) in the year.

11 Related party transactions

The shareholders, four of which are directors, have introduced loans into the company which have a gross value of £479,458 (2020: £479,458). Repayments of £nil (2020: £53,875) were made during the year.

For the current year the company has paid a market rate of interest.

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.