

COMPANIES HOUSE

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COMPANIES HOUSE

Euro Auctions (UK) Ltd

Annual report and financial statements

For the year ended 31 December 2021

Euro Auctions (UK) Ltd

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Euro Auctions (UK) Ltd

Company information

Directors

Derek Keys
Jonathan Keys

Registered number

NI663692

Registered office

72-74 Omagh Road
Dromore
Omagh
County Tyrone
BT78 3AJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Merchant Square
20-22 Wellington Place
Belfast
BT1 6GE

Bankers

Danske Bank
5-7 Market Street
Omagh
Co. Tyrone
BT78 1BN

Solicitors

McConnell & Fyfe
The Old Rectory
21 Church Street
Omagh
BT78 1DG

Euro Auctions (UK) Ltd

Strategic report

For the year ended 31 December 2021

The directors presents the Strategic report on the company for the year ended 31 December 2021.

Principal activities

The principal activity of the company is conducting on-site and off-site auctions.

Review of the business and future developments

The results for the year show a pre-tax profit of £17,061,900 (2020: £28,848,393) on turnover of £27,113,423 (2020: £27,990,769).

The directors consider the company's financial position at the year end to be satisfactory and will continue to seek every opportunity to increase profits. The directors are committed to creation of shareholder value by increasing the company's market share through organic growth.

Key performance indicators (KPIs)

The company's key performance indicators are as follows:

	2021 %	2020 %
Gross profit margin	96.3	99.7
Movement in sales	(3.1)	100
Operating profit margin	62.8	67.6

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors. The company's performance is also affected by the availability of machinery for its auctions and continued competition from other auction sites. The company actively seeks to attract a wide variety of suppliers to its auctions which helps to mitigate the risk in this area.

Environment

The company recognises its responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Human resources

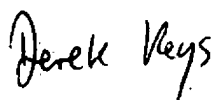
The company's most important resource is its people, their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make its sites and offices safe environments for employees and customers alike.

This report was approved by the board on 21/07/2022

and signed on its behalf by:



Derek Keys
Director

Euro Auctions (UK) Ltd

Directors' report

For the year ended 31 December 2021

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

Results and dividends

The profit for the financial year amounted to £13,840,194 (2020: £25,224,782).

During the year an interim dividend of £Nil was paid (2020: £4,001) and the director does not recommend a final dividend (2020: £Nil).

Going concern

The directors have assessed the impact of the Covid 19 pandemic on the company's ability to continue as a going concern and do not believe it will have a material impact on its future operations and results. The company is trading profitably and has sufficient resources to meet its liabilities as they fall due and as such the directors consider it appropriate to continue to adopt the going concern basis in preparing its financial statements.

Future developments

The section on future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

Derek Keys
Jonathan Keys

Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business, both on sales and purchases in Euro and Australian dollar. The foreign exchange risk for the company extends also to its branches whose functional currency is Euro and Australian dollars which require translation to sterling for reporting purposes.

Credit risk

The company had implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

Euro Auctions (UK) Ltd

Directors' report (continued) For the year ended 31 December 2021

Financial risk management (continued)

Liquidity risk

The company actively maintains debt finance that is designed to ensure the company has sufficient available funds for its operations and planned expansions. Primary funding arrangements are managed at a group level.

Interest rate risk

The company had interest bearing assets and liabilities. Interest bearing assets relate to cash balances which earn interest at variable rates. The interest bearing liabilities include bank borrowings on which interest charged varies in line with the banks base rate. The company has a policy of maintaining debt at a competitive rate to ensure a reasonable degree over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Euro Auctions (UK) Ltd

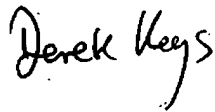
Directors' report (continued)
For the year ended 31 December 2021

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21/07/2022

and signed on its behalf by:



Derek Keys
Director

Euro Auctions (UK) Ltd

Independent auditors' report to the members of Euro Auctions (UK) Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Euro Auctions (UK) Ltd's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report And financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Euro Auctions (UK) Ltd

Independent auditors' report to the members of Euro Auctions (UK) Ltd (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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.

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 industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation and instances of fraud;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example, unexpected account combinations impacting revenue; and
- Testing of assumptions and judgements made by management in making significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Euro Auctions (UK) Ltd

Independent auditors' report to the members of Euro Auctions (UK) Ltd (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kenneth Wilson

Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
Date: 21 July 2022

Euro Auctions (UK) Ltd

**Statement of comprehensive income
For the year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	3	27,113,423	27,990,769
Cost of sales		(1,000,892)	(75,059)
Gross profit		26,112,531	27,915,710
Administrative expenses		(9,742,351)	(8,987,240)
Other operating income	4	668,274	-
Operating profit	5	17,038,454	18,928,470
Income from shares in group undertakings	8	-	9,894,881
Other interest receivable and similar income	9	23,446	25,042
Profit before taxation		17,061,900	28,848,393
Tax on profit	10	(3,221,706)	(3,623,611)
Profit for the financial year		13,840,194	25,224,782
Total comprehensive income for the financial year		13,840,194	25,224,782

The notes on pages 12 to 27 form part of these financial statements.

Euro Auctions (UK) Ltd
Registered number: NI663692

Balance sheet
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	12		483,806		509,270
Tangible assets	13		830,724		1,035,358
Investments	14		2,389,881		2,389,881
			<u>3,704,411</u>		<u>3,934,509</u>
Current assets					
Debtors	15	10,311,138		9,187,244	
Cash at bank and in hand		33,225,697		22,230,829	
		<u>43,536,835</u>		<u>31,418,073</u>	
Creditors: amounts falling due within one year	16	(8,010,093)		(9,887,329)	
Net current assets			<u>35,526,742</u>		<u>21,530,744</u>
Total assets less current liabilities			<u>39,231,153</u>		<u>25,465,253</u>
Provisions for liabilities					
Deferred taxation	17		(170,077)		(244,371)
Net assets			<u>39,061,076</u>		<u>25,220,882</u>
Capital and reserves					
Called up share capital	18		101		101
Retained earnings			39,060,975		25,220,781
Total shareholders' funds			<u>39,061,076</u>		<u>25,220,882</u>

The financial statements on pages 9 to 27 were approved and authorised for issue by the board and were signed on its behalf on 21/07/2022

Derek Keys
Director

Derek Keys

The notes on pages 12 to 27 form part of these financial statements.

Euro Auctions (UK) Ltd

**Statement of changes in equity
For the year ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2020	100	-	100
Comprehensive income for the financial year			
Profit for the financial year	-	25,224,782	25,224,782
Total comprehensive income for the financial year	-	25,224,782	25,224,782
Contributions by and distributions to owners			
Shares issued during the financial year	1	-	1
Dividends declared and paid	-	(4,001)	(4,001)
Total transactions with owners	1	(4,001)	(4,000)
At 31 December 2020 and 1 January 2021	101	25,220,781	25,220,882
Comprehensive income for the financial year			
Profit for the financial year	-	13,840,194	13,840,194
Total comprehensive income for the financial year	-	13,840,194	13,840,194
At 31 December 2021	101	39,060,975	39,061,076

The notes on pages 12 to 27 form part of these financial statements.

Euro Auctions (UK) Ltd

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

1. General Information

The principal activity of the company is conducting on-site and off-site auctions.

The company is a private company limited by shares and is incorporated and domiciled in Northern Ireland, within the United Kingdom. The address of the registered office is 72-74 Omagh Road Dromore, Omagh, County Tyrone, BT78 3AJ.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. No critical judgements or critical accounting estimates have been applied to these financial statements.

The following principal accounting policies have been applied consistently unless otherwise stated:

2.2 Going concern

The directors have assessed the impact of the Covid 19 pandemic on the company's ability to continue as a going concern and do not believe it will have a material impact on its future operations and results. The company is trading profitably and has sufficient resources to meet its liabilities as they fall due and as such the directors consider it appropriate to continue to adopt the going concern basis in preparing its financial statements.

2.3 Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholder.

The company has taken advantage of the following exemptions:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the preparation of a statement of cash flows, required under section 7 of FRS 102 and paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Gardrum Holdings Limited, includes the company's cash flows in its own consolidated financial statements;
- from the disclosure of financial instruments, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statements disclosures;
- the disclosure of the company's key management personnel compensation, as required by FRS 102 paragraph 33.7, as this information is provided in the consolidated financial statements of its ultimate parent; and
- the disclosure of the company's related party transactions and balances, under FRS 102 paragraph 33.1A, as all of the voting rights of the company are controlled within the group.

This information is included in the consolidated financial statements of Gardrum Holdings Limited as at 31 December 2021 and these financial statements may be obtained from 72-74 Omagh Road, Dromore, Co. Tyrone, BT78 3AJ.

Euro Auctions (UK) Ltd

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

2. Summary of significant accounting policies (continued)

2.4 Consolidation

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent undertaking, Gardrum Holdings Limited, a company incorporated in Northern Ireland. The address of the registered office is 72-74 Omagh Road, Dromore, Co Tyrone, BT78 3AJ.

2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. Where the consideration receivable in cash at bank and in hand is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to each of the company's sales channels have been met.

Turnover represents the commission charges to the purchaser and the vendor of goods sold through the company's auctions and is recognised when the hammer drops at the auction. The company acts as facilitators for vendors and buyers.

2.6 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'Administrative expenses'.

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Summary of significant accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All Intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance method.

Depreciation is provided on the following basis:

Plant and machinery	- 15% straight line
Motor vehicles	- 25% reducing balance
Office equipment	- 15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

2. Summary of significant accounting policies (continued)

2.12 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Summary of significant accounting policies (continued)

2.17 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash at bank and in hand, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade creditors 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 receipts discounted at a market rate of interest.

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. Trade creditors 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Euro Auctions (UK) Ltd

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

2. Summary of significant accounting policies (continued)

2.17 Financial instruments (continued)

iii. Offsetting

Financial assets and liabilities are offset and 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.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Turnover

Turnover relates to the company's main activity which is carried out in the United Kingdom.

All turnover arose within the United Kingdom.

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

4. Other operating income

	2021 £	2020 £
Profit on fair value of derivative financial instruments	<u>668,274</u>	<u>-</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Amortisation of intangible assets (note 12)	25,464	-
Depreciation of tangible assets (note 13)	220,216	169,534
Fees payable to the company's auditors' and their associates for the audit of the company's annual financial statements	<u>30,000</u>	<u>6,500</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	Restated* 2020 £
Wages and salaries	4,704,071	4,101,823
Social security costs	502,246	515,794
Other pension costs	74,877	63,252
	<u>5,281,194</u>	<u>4,680,869</u>

*In the 2020 financial statements staff costs that were mapped to administrative expenses were not included in the note above. The note disclosure has been corrected in the current year with no impact on any of the primary financial statements. The total impact on the note was an increase of £2,142,379, from £2,538,490 in 2020 to £4,680,869 in 2021.

The average monthly number of employees, including the directors, during the year was as follows:

	2021 Number	2020 Number
Production	46	42
Selling	19	15
Management and administrative	57	55
	<u>122</u>	<u>112</u>

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>66,405</u>	<u>57,199</u>

8. Income from shares in group undertakings

	2021 £	2020 £
Income from shares in group undertakings	-	2,394,881
In-specie dividend received	-	7,500,000
	<u>-</u>	<u>9,894,881</u>

9. Other interest receivable and similar income

	2021 £	2020 £
Interest receivable	<u>23,446</u>	<u>25,042</u>

10. Tax on profit

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	3,264,125	3,490,276
Adjustments in respect of prior years	31,874	-
Total current tax	<u>3,295,999</u>	<u>3,490,276</u>
Deferred tax		
Origination and reversal of timing differences	(22,364)	133,335
Adjustments in respect of prior years	(93,509)	-
Effect of changes to tax rates	41,580	-
Total deferred tax	<u>(74,293)</u>	<u>133,335</u>
Total tax charge for the year	<u>3,221,706</u>	<u>3,623,611</u>

Euro Auctions (UK) Ltd**Notes to the financial statements
For the year ended 31 December 2021****10. Tax on profit (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	17,061,900	28,848,393
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	3,241,761	5,481,195
Effects of:		
Expenses not deductible for tax purposes	-	21,683
Income not taxable	-	(1,879,267)
Adjustments in respect of prior years	(61,635)	-
Effect of changes to tax rates	41,580	-
Total tax charge for the year	3,221,706	3,623,611

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

11. Dividends declared and paid

	2021 £	2020 £
Dividends paid of £Nil per Ordinary share (2020: £39.61)	-	4,001

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

12. Intangible assets

	Computer software £
Cost	
At 1 January 2021	509,270
At 31 December 2021	509,270
Accumulated amortisation	
At 1 January 2021	-
Charge for the year	25,464
At 31 December 2021	25,464
Net book value	
At 31 December 2021	483,806
At 31 December 2020	509,270

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

13. Tangible assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2021	693,783	177,985	569,647	1,441,415
Additions	48,000	73,909	56,738	178,647
Disposals	(181,724)	(24,504)	-	(206,228)
At 31 December 2021	560,059	227,390	626,385	1,413,834
Accumulated depreciation				
At 1 January 2021	136,132	97,615	172,310	406,057
Charge for the year	90,840	39,527	89,849	220,216
Disposals	(27,425)	(15,738)	-	(43,163)
At 31 December 2021	199,547	121,404	262,159	583,110
Net book value				
At 31 December 2021	360,512	105,986	364,226	830,724
At 31 December 2020	557,651	80,370	397,337	1,035,358

Tangible assets with a net book amount of £0.8m (2020: £1.0m) have been pledged as security against the company's bank borrowings.

Euro Auctions (UK) Ltd.

**Notes to the financial statements
For the year ended 31 December 2021**

14. Investments

	Investments in subsidiary undertaking £
Cost	
At 1 January 2021	2,389,881
At 31 December 2021	2,389,881
Net book value	
At 31 December 2021	2,389,881
At 31 December 2020	2,389,881

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Euro Auctions GmbH	Alte Ziegelei, 11-23, 41542, Dormagen, Germany	Auction sales	Ordinary	100%

Euro Auctions (UK) Ltd

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

15. Debtors

	2021 £	2020 £
Trade debtors	4,008,879	3,459,666
Amounts owed by group undertakings	1,172,453	2,887,663
Amounts owed by related party undertakings (note 21)	2,223	76,098
Other taxation and social security	2,868,205	2,398,554
Other debtors	1,125,457	25,028
Derivative financial instruments	693,302	-
Prepayments and accrued income	440,619	340,235
	<u>10,311,138</u>	<u>9,187,244</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Included in debtors above are amounts due greater than one year of £541,702 (2020: £Nil).

Derivative financial instruments

The fair value measurement on these derivative financial instruments as at the year ended 31 December 2021.

The Company has entered into a number of foreign currency derivative contracts during the year. As at 31 December 2021 the company has the following derivative contracts in place:

Buys	GBP	Sells	EUR	£18.3m
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16. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,142,564	2,394,878
Amounts owed to group undertakings	492,643	2,023,037
Amounts owed to related party undertakings (note 21)	480,000	21,730
Corporation tax	3,265,126	3,490,276
Other creditors	3,672	-
Other taxation and social security	105,229	80,342
Accruals and deferred income	1,520,859	1,877,066
	<u>8,010,093</u>	<u>9,887,329</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Euro Auctions (UK) Ltd

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

17. Deferred taxation

	2021 £
At beginning of year	(244,371)
Charged to the Statement of comprehensive income	(19,215)
Adjustments in respect of prior years	93,509
At end of year	<u>(170,077)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(173,250)	(247,195)
Short term timing differences - trading	3,173	2,824
	<u>(170,077)</u>	<u>(244,371)</u>

18. Called up share capital

	2021 £	2020 £
Allotted and fully paid		
101 (2020: 101) Ordinary shares of £1 each	<u>101</u>	<u>101</u>

19. Contingent liabilities

The company has entered into a cross guarantee on bank and other loan facilities taken out by group undertakings. In the opinion of the directors there is no indication that the company will suffer a loss.

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £74,877 for the year ended 31 December 2021 (2020: £63,252). There were outstanding payments at 31 December 2021 of £16,699 (2020: £14,865).

Euro Auctions (UK) Ltd

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

21. Related party transactions

The company has taken advantage of the exemptions under paragraph 33.1A from the provision of FRS 102 from disclosing related party transactions with entities which are wholly owned group companies as all of the voting rights of the company are controlled within the group.

Simple Asset Finance Limited is regarded as a related party due to common directorship of Jonathan Keys.

Barford Equipment Ltd and Fraser Homes Limited are regarded as a related party due to common directorship of Derek Keys.

Other companies which are deemed to be related parties owing to them being controlled by brothers of Derek Keys, and Jonathan Keys are Equipment Sales No.3 Ltd (formerly Equipment Sales Ltd) and Equipment & Plant Services No. 1 Ltd (formerly Equipment & Plant Services Ltd).

The following balances were owed to/(from) the company at the year end:

	2021 £	2020 £
Equipment Sales No.3 Ltd (formerly Equipment Sales Ltd)	-	9,456
Fraser Homes Limited	2,223	1,333
Simple Asset Finance Limited	(480,000)	54,000
Jonathan Keys	-	(700)
Equipment & Plant Services No.1 Ltd (formerly Equipment & Plant Services Ltd)	-	(20,910)
Equipment Sales Ltd (formerly Equipment Sales No.3 Ltd)	-	(120)
Barford Equipment Ltd	-	11,309

The following transactions were conducted with brother of Derek and Jonathan Keys and their related companies:

	2021 £	As restated 2020 £
*Machinery sold at auction on behalf of the companies	43,587,386	63,798,042
Payments to the companies	(43,587,386)	(63,798,042)
Receipts from the companies	1,583,585	1,878,020
Sales of machinery to the companies	(1,583,585)	(1,878,020)

*This represents the gross hammer total and therefore does not reflect the turnover of the company.

In the 2020 financial statements there were transactions to and from wholly owned group companies included within the note. They have been removed from the note given that an exemption under paragraph 33.1A is taken. This has been corrected with no effect on any of the primary statements.

Euro Auctions (UK) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

22. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Euro Auctions Limited, a company incorporated in Northern Ireland.

The ultimate parent undertaking is Gardrum Holdings Limited, a company incorporated in Northern Ireland. The company's results are included in the consolidated financial statements of Gardrum Holdings Limited, which is the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member. Its consolidated financial statements are available from Gardrum Holdings Limited, 72-74 Omagh Road, Dromore, Co. Tyrone BT78 3AJ.

The ultimate controlling party is Derek Keys.