

Reg. of Co's:

PREMIER LIVESTOCK AUCTIONS LIMITED

FINANCIAL STATEMENTS

24th JUNE 1997

Company Registration Number 253475



CHALMERS & CO

Chartered Accountants & Registered Auditors
McLaren House
5 Park Gardens
YEOVIL
Somerset

PREMIER LIVESTOCK AUCTIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

I.D.R. MacNicol
B.O. Chilver
J.F. Harvey

COMPANY SECRETARY

B.O. Chilver

REGISTERED OFFICE

Market House
Reckleford
YEOVIL
Somerset

AUDITORS

Chalmers & Co
Chartered Accountants & Registered Auditors
McLaren House
5 Park Gardens
YEOVIL
Somerset

BANKERS

National Westminster Bank PIC
2 Hendford
YEOVIL
Somerset

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 3.30 p.m on Tuesday, 9th December 1997 at 8, Queen Anne Street, London W1M 9LD.

1. To receive and adopt the Directors' report and Financial Statements for the year ended 24th June 1997.
2. To re-appoint Chalmers & Co as auditors and to authorise the Directors to fix their remuneration.

Registered office:

Market House
Reckleford
YEOVIL
Somerset

By order of the board

B.O. Chilver
Company secretary

1st October 1997

Notes:

- a. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company.
- b. A form of proxy is enclosed with this notice for your use in respect of the business set out above. To be effective, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or an office copy of such power of authority) must be lodged at the Company's registered office at least forty-eight hours before the time appointed for the meeting.

PREMIER LIVESTOCK AUCTIONS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 24th JUNE 1997

The Directors have pleasure in presenting their report and the Financial Statements of the Company for the year ended 24th June 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of market facilities and acting as auctioneers in cattle, sheep and pigs.

The Company has continued to trade profitably although its operations have been reduced. It is hoped that turnover will improve in the near future.

RESULTS AND DIVIDENDS

The trading results for the year, and the Company's financial position at the end of the year are shown in the attached Financial Statements.

The Directors have not recommended a dividend.

The Company will continue to provide the existing market facilities and act as auctioneers in the livestock at the remaining locations.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The Directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

	Ordinary Shares of £1.00 each	
	At 24 June 97	At 25 June 96
I.D.R. MacNicol	4,546	4,546
B.O. Chilver	329	329
J.F. Harvey	<u>100</u>	<u>100</u>

POST BALANCE SHEET EVENT

The Company has closed its operations at Sturminster at the end of the year following the termination of its tenancy of the market.

PREMIER LIVESTOCK AUCTIONS LIMITED

THE DIRECTORS' REPORT *(continued)*

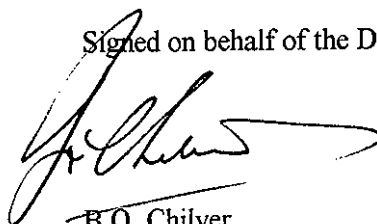
YEAR ENDED 24th JUNE 1997

AUDITORS

A resolution to re-appoint Chalmers & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office:
Market House
Reckleford
YEOVIL
Somerset

Signed on behalf of the Directors

A handwritten signature in black ink, appearing to read 'B.O. Chilver', with a long horizontal flourish extending to the right.

B.O. Chilver
Company secretary

Approved by the Directors on 1st October 1997

PREMIER LIVESTOCK AUCTIONS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 24th JUNE 1997

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss for the year then ended.

In preparing those Financial Statements, the Directors are required to select suitable accounting policies, as described on page 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. 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.

PREMIER LIVESTOCK AUCTIONS LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 24th JUNE 1997

We have audited the Financial Statements on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 5, the Company's Directors are responsible for the preparation of the 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.

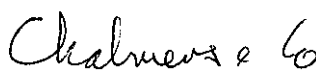
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 Company's state of affairs as at 24th June 1997 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

McLaren House
5 Park Gardens
YEOVIL
Somerset

16th October, 1997


CHALMERS & CO
Chartered Accountants
& Registered Auditors

PREMIER LIVESTOCK AUCTIONS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 24th JUNE 1997

	Note	1997 £	1996 £
TURNOVER:	2	1,417,430	1,519,948
Cost of sales		(232,880)	(230,958)
GROSS PROFIT		1,184,550	1,288,990
Administrative expenses		(1,084,648)	(1,187,439)
Other operating income		109,486	108,864
OPERATING PROFIT	3	209,388	210,415
Interest receivable and similar income	6	8,427	3,014
Interest payable and similar charges	7	(90,128)	(97,696)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		127,687	115,733
Tax on profit on ordinary activities	8	(34,846)	(36,166)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		92,841	79,567
Balance brought forward		1,078,949	999,382
BALANCE CARRIED FORWARD		1,171,790	1,078,949

The Company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the Company are classed as continuing.

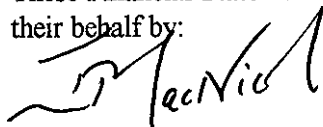
PREMIER LIVESTOCK AUCTIONS LIMITED

BALANCE SHEET

24th JUNE 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	9	1,573,215	1,593,963
Investments	10	7,500	7,500
		<u>1,580,715</u>	<u>1,601,463</u>
CURRENT ASSETS			
Stocks	11	26,837	22,351
Debtors	12	1,695,900	1,664,435
Cash at bank and in hand		163	217
		<u>1,722,900</u>	<u>1,687,003</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,073,777)</u>	<u>(2,151,469)</u>
NET CURRENT LIABILITIES		(350,877)	(464,466)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,229,838</u>	<u>1,136,997</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	15	(6,696)	(6,696)
NET ASSETS		<u>1,223,142</u>	<u>1,130,301</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	5,000	5,000
Share premium account		46,352	46,352
Profit and loss account		1,171,790	1,078,949
SHAREHOLDERS' FUNDS	20	<u>1,223,142</u>	<u>1,130,301</u>

These Financial Statements were approved by the Directors on the 1st October 1997 and are signed on their behalf by:



I.D.R. MACNICOL
Director

PREMIER LIVESTOCK AUCTIONS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 24th JUNE 1997

	1997		1996	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		452,231		553,810
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	8,427		3,014	
Interest paid	(90,128)		(97,696)	
		(81,701)		(94,682)
Net cash outflow from returns on investments and servicing of finance				(94,682)
TAXATION		(36,176)		(73,313)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(38,534)		(1,086)	
Receipts from sale of fixed assets	6,498		3,500	
		(32,036)		2,414
Net cash (outflow)/inflow from capital expenditure				
INCREASE IN CASH		<u>302,318</u>		<u>388,229</u>

This cash flow statement has been prepared in accordance with the revised Statement of Standard Accounting Practice set out in Financial Reporting Standard 1 (Revised 1996) issued by the Accounting Standards Board in October 1996. All comparatives have been restated to comply with the new Standard.

PREMIER LIVESTOCK AUCTIONS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 24th JUNE 1997

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	209,388	210,415
Depreciation	45,678	47,486
Loss on disposal of fixed assets	7,106	2,837
(Increase)/Decrease in stocks	(4,486)	11,158
(Increase)/Decrease in debtors	(31,465)	564,975
Increase/(Decrease) in creditors	226,010	(283,061)
Net cash inflow from operating activities	<u>452,231</u>	<u>553,810</u>

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	1997 £		1996 £	
Increase in cash in the period	302,318		388,229	
Cash inflow from bank loans	<u>350,000</u>		<u>-</u>	
Change in net debt		652,318		388,229
Net debt at 25th June 1996		<u>(1,484,871)</u>		<u>(1,023,100)</u>
Net debt at 24th June 1997		<u>(1,182,553)</u>		<u>(1,484,871)</u>

ANALYSIS OF CHANGES IN NET DEBT

	1996 £	Cash flows £	1997 £
Cash in hand, at bank	217	(54)	163
Overdrafts	(635,088)	(47,628)	(682,716)
		<u>(47,682)</u>	
Debt due within 1 year	<u>(850,000)</u>	<u>350,000</u>	<u>(500,000)</u>
	<u>(1,484,871)</u>	<u>302,318</u>	<u>(1,182,553)</u>

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

1. ACCOUNTING POLICIES

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

Turnover consists of net commissions, excluding value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 1% p.a. reducing balance basis
Plant & Machinery	- 10% p.a. reducing balance basis
Effluent Plant	- 7% p.a. straight line basis
Motor Vehicles	- 25% p.a. reducing balance basis
Computer Equipment	- 20% p.a. straight line basis

Stocks

Livestock is valued at current replacement value. Other stocks are valued at lower of cost or net realisable value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The amount charged to the Profit and Loss account in respect of the Pension scheme, being a defined contribution scheme, is the contributions payable in respect of the year.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Amounts owed to untraced vendors

Amounts owed to untraced vendors are credited to the Profit and Loss account when they are over six years old.

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	1997 £	1996 £
United Kingdom	<u>1,417,430</u>	<u>1,519,948</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1997 £	1996 £
Staff pension contributions	8,566	7,618
Depreciation	45,678	47,486
Loss on disposal of fixed assets	7,106	2,837
Auditors' remuneration		
- as auditors	3,400	3,400
Operating lease costs:		
Land and buildings	58,591	59,385
Plant and equipment	<u>5,160</u>	<u>7,382</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the financial year amounted to:

	1997 No.	1996 No.
Office and Management	18	20
Market Staff	63	89
	<u>81</u>	<u>109</u>

The aggregate payroll costs of the above were:

	1997 £	1996 £
Wages and salaries	497,433	485,425
Social security costs	25,079	22,638
Other pension costs	10,576	12,616
	<u>533,088</u>	<u>520,679</u>

PREMIER LIVESTOCK AUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 24th JUNE 1997

5. DIRECTORS' EMOLUMENTS

The Directors' aggregate emoluments in respect of qualifying services were:

	1997 £	1996 £
Emoluments receivable	<u>53,761</u>	<u>46,994</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Other interest receivable	<u>8,427</u>	<u>3,014</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest payable on bank borrowing	<u>90,128</u>	<u>97,696</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 22.50% (1996 - 25%)	34,851	36,166
Adjustment to provision in previous years	(5)	-
	<u>34,846</u>	<u>36,166</u>

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant and Machinery £	Effluent Plant £	Motor Vehicles £	Computer Equipment £	Total £
COST						
At 25 June 1996	1,474,896	183,123	147,540	48,847	56,342	1,910,748
Additions	-	5,295	-	17,355	15,884	38,534
Disposals	-	-	-	(16,950)	(20,978)	(37,928)
At 24 June 1997	<u>1,474,896</u>	<u>188,418</u>	<u>147,540</u>	<u>49,252</u>	<u>51,248</u>	<u>1,911,354</u>
DEPRECIATION						
At 25 June 1996	106,303	98,757	33,566	33,443	44,716	316,785
Charge for the year	13,689	8,965	10,328	6,850	5,846	45,678
On disposals	-	-	-	(11,587)	(12,737)	(24,324)
At 24 June 1997	<u>119,992</u>	<u>107,722</u>	<u>43,894</u>	<u>28,706</u>	<u>37,825</u>	<u>338,139</u>
NET BOOK VALUE						
At 24 June 1997	<u>1,354,904</u>	<u>80,696</u>	<u>103,646</u>	<u>20,546</u>	<u>13,423</u>	<u>1,573,215</u>
At 27 June 1996	<u>1,368,593</u>	<u>84,366</u>	<u>113,974</u>	<u>15,404</u>	<u>11,626</u>	<u>1,593,963</u>

It is not practicable to establish the cost attributable to Land included in Freehold Property.

10. INVESTMENTS

	Total
COST	
At 25th June 1996 and 24th June 1997	<u>7,500</u>
NET BOOK VALUE	
At 24th June 1997	<u>7,500</u>
At 27th June 1996	<u>7,500</u>

The Company owns 10% of the ordinary share capital of Beacon (Auctions) Limited, a Company incorporated in England. This has been included in the Balance sheet at cost.

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

11. STOCKS

	1997	1996
	£	£
Livestock	<u>26,837</u>	<u>22,351</u>

12. DEBTORS

	1997	1996
	£	£
Trade debtors	1,651,754	1,593,757
Other debtors	33,485	52,342
Prepayments and accrued income	10,661	18,336
	<u>1,695,900</u>	<u>1,664,435</u>

13. CREDITORS: Amounts falling due within one year

	1997	1996
	£	£
Bank loans and overdrafts	1,182,716	1,485,088
Trade creditors	519,207	398,629
Other creditors including taxation and social security:		
Taxation and social security	74,655	70,230
Other creditors	<u>214,162</u>	<u>128,377</u>
	288,817	198,607
Accruals and deferred income	83,037	69,145
	<u>2,073,777</u>	<u>2,151,469</u>

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	1997	1996
	£	£
Bank loans and overdrafts	<u>1,182,716</u>	<u>1,485,088</u>

The Bank Loan and Overdraft, which are repayable on demand, are secured by mortgages on certain Freehold properties owned by the Company, and by a deposit of deeds of further property owned by the Company.

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

14. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:-

	1997	1996
	£	£
Excess of taxation allowances over depreciation on fixed assets	25,496	30,045
Tax losses available	(8,583)	(9,809)
	<u>16,913</u>	<u>20,236</u>

Deferred taxation has been calculated at 21% (1996 24%)

15. OTHER PROVISIONS

	1997	1996
	£	£
Insurance Pool	<u>6,696</u>	<u>6,696</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 24th June 1997 the Company had annual commitments under non-cancellable operating leases as set out below.

	1997		1996	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	-	42,500	-
Within 2 to 5 years	-	7,383	-	7,383
	<u>-</u>	<u>7,383</u>	<u>42,500</u>	<u>7,383</u>

17. CONTINGENCIES

Untraced vendors are written off after 6 years. The Directors are advised that such sums are held in trust for vendors and that liability is not extinguished by the passage of time under the Limitations Act 1980. The amount written off in past years cannot be readily quantified but the Directors are of the opinion that the chances of any material claims are remote.

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24th JUNE 1997

18. TRANSACTIONS WITH THE DIRECTORS

The Directors had a material interest in fees charged to the Company as follows:-

	1997	1996
	£	£
I.D.R. MacNicol - Management Fees to G.C. & F.C. Knight Ltd.	70,000	80,000
B.O. Chilver - Consultancy Fees	30,000	30,000

19. SHARE CAPITAL

Authorised share capital:

	1997	1996
	£	£
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	1997	1996
	£	£
Ordinary share capital	<u>5,000</u>	<u>5,000</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	92,841	79,567
Opening shareholders' equity funds	<u>1,130,301</u>	<u>1,050,734</u>
Closing shareholders' equity funds	<u>1,223,142</u>	<u>1,130,301</u>