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PREMIER LIVESTOCK AUCTIONS LIMITED

FINANCIAL STATEMENTS

25th JUNE 1996

Company Registration Number 253475

CHALMERS & CO

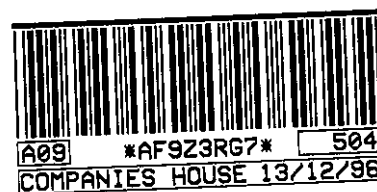
Chartered Accountants & Registered Auditors

McLaren House

5 Park Gardens

YEOVIL

Somerset



PREMIER LIVESTOCK AUCTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

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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 Plc 2 Hendford YEOVIL Somerset

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTICE OF MEETING

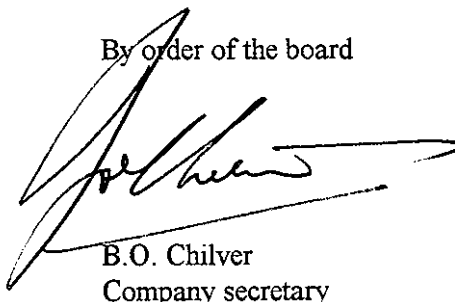
Notice is hereby given that the Annual General Meeting of the Company will be held at 11 a.m. on 10th December, 1996 at the registered office.

1. To receive and adopt the Directors' report and Financial Statements for the year ended 25th June 1996.
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

A handwritten signature in black ink, appearing to read 'B.O. Chilver', is written over a horizontal line.

B.O. Chilver
Company secretary

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 25th JUNE 1996

The Directors have pleasure in presenting their report and the Financial Statements of the Company for the year ended 25th June 1996.

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 significantly affected by the BSE controversy. It is hoped that turnover will improve in the near future.

RESULTS AND DIVIDENDS

The trading results for the year, and 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 balance of the profits for the year amounting to £79,567 will be added to reserves and carried forward to the following year.

The Company will continue to provide the existing market facilities and act as auctioneers in livestock at the same 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 each	
	At 25 Jun 96	At 28 Jun 95
I.D.R. MacNicol	4,546	4,546
B.O. Chilver	329	329
J.F. Harvey	100	100

FIXED ASSETS

The movements in fixed assets are recorded in the notes to the Financial Statements.

The market value, as a going concern, of Freehold Land and Buildings is considered by the Directors to be in excess of its net book value included in the Balance Sheet at £1,368,593.

PREMIER LIVESTOCK AUCTIONS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 25th JUNE 1996

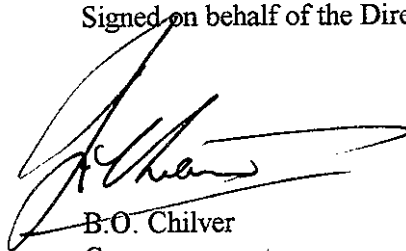
AUDITORS

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', is written over a horizontal line.

B.O. Chilver
Company secretary

Approved by the Directors on 29th October, 1996

PREMIER LIVESTOCK AUCTIONS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 25th JUNE 1996

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 25th JUNE 1996

We have audited the Financial Statements on pages 7 to 17 which have been prepared in accordance with the accounting policies set out on page 11.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on the previous page, the Directors of the Company 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 circumstances of the Company, 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 affairs of the Company as at 25th June 1996 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

30th October, 1996



CHALMERS & CO
Chartered Accountants
& Registered Auditors

PREMIER LIVESTOCK AUCTIONS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 25th JUNE 1996

	Note	1996 £	1995 £
TURNOVER	2.	1,519,948	1,739,734
Cost of sales		(230,958)	(312,507)
GROSS PROFIT		1,288,990	1,427,227
Administrative expenses		(1,187,439)	(1,200,839)
Other operating income	3.	108,864	110,377
OPERATING PROFIT	4.	210,415	336,765
Interest receivable and similar income	7.	3,014	32
Interest payable and similar charges	8.	(97,696)	(99,743)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		115,733	237,054
Tax on profit on ordinary activities	9.	(36,166)	(72,761)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		79,567	164,293
Balance brought forward		999,382	835,089
BALANCE CARRIED FORWARD		1,078,949	999,382

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

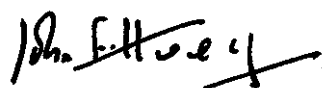
25th JUNE 1996

	Note	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10.		1,593,963		1,646,700
Investments	11.		7,500		7,500
			<u>1,601,463</u>		<u>1,654,200</u>
CURRENT ASSETS					
Stocks	12.	22,351		33,509	
Debtors	13.	1,664,435		2,229,410	
Cash at bank and in hand		217		41	
		<u>1,687,003</u>		<u>2,262,960</u>	
CREDITORS: Amounts falling due within one year	14.	<u>(2,151,469)</u>		<u>(2,859,730)</u>	
NET CURRENT LIABILITIES			(464,466)		(596,770)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,136,997</u>		<u>1,057,430</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Other provisions	16.		(6,696)		(6,696)
NET ASSETS			<u>1,130,301</u>		<u>1,050,734</u>
CAPITAL AND RESERVES					
Equity share capital	20.		5,000		5,000
Share premium account			46,352		46,352
Profit and loss account			1,078,949		999,382
SHAREHOLDERS' FUNDS			<u>1,130,301</u>		<u>1,050,734</u>

These Financial Statements were approved by the Directors on the 29th October, 1996 and are signed on their behalf by:



I.D.R. MACNICOL



J.F. HARVEY

PREMIER LIVESTOCK AUCTIONS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 25th JUNE 1996

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities		553,810		194,091
Returns on investments and servicing of finance				
Interest received	3,014		32	
Interest paid	(97,696)		(99,743)	
Net cash outflow from returns on investments and servicing of finance		(94,682)		(99,711)
Taxation				
Corporation tax paid	(73,313)		(79,891)	
Taxes paid		(73,313)		(79,891)
Investing activities				
Payments to acquire tangible fixed assets	(1,086)		(17,346)	
Receipts from sale of fixed assets	3,500		1,350	
Net cash inflow/(outflow) from investing activities		2,414		(15,996)
Increase/(Decrease) in cash and cash equivalents		388,229		(1,507)
Reconciliation of operating profit to net cash inflow from operating activities				
		1996		1995
		£		£
Operating profit		210,415		336,765
Depreciation		47,486		52,546
Loss on disposal of fixed assets		2,837		1,314
Decrease/(Increase) in stocks		11,158		(9,586)
Decrease/(Increase) in debtors		564,975		(223,354)
(Decrease)/Increase in creditors		(283,061)		36,406
Net cash inflow from operating activities		553,810		194,091

PREMIER LIVESTOCK AUCTIONS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 25th JUNE 1996

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996	1995	Change
	£	£	£
Cash at bank and in hand	217	41	176
Bank overdraft	(635,088)	(1,023,141)	388,053
	<u>(634,871)</u>	<u>(1,023,100)</u>	<u>388,229</u>

Analysis of changes in cash and cash equivalents during the year

	£
Balance brought forward	1,023,100
Net cash inflow	<u>388,229</u>
Balance carried forward	<u>634,871</u>

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

1. ACCOUNTING POLICIES

The Financial Statements have been prepared under the historical cost convention using the following accounting policies:

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% on the reducing balance basis
Plant & Machinery	- 10% on the reducing balance basis
Effluent Plant	- 7% on the straight line basis
Motor Vehicles	- 25% on the reducing balance basis
Computer Equipment	- 20% on the 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 Profit and Loss account when they are over six years old.

2. TURNOVER

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

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

3. OTHER OPERATING INCOME

	1996 £	1995 £
Rent receivable	<u>108,864</u>	<u>110,377</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	1996 £	1995 £
Depreciation	47,486	52,546
Loss on disposal of fixed assets	2,837	1,314
Auditors' remuneration - as auditors	3,000	2,200
Operating lease costs:		
Land and buildings	42,500	42,500
Plant and equipment	<u>7,382</u>	<u>6,880</u>

5. PARTICULARS OF EMPLOYEES

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

	1996 No.	1995 No.
Office and Management	20	21
Market Staff	89	109
	<u>109</u>	<u>130</u>

The aggregate payroll costs of the above were:

	1996 £	1995 £
Wages and salaries	485,425	492,246
Social security costs	22,638	27,442
Other pension costs	12,616	10,830
	<u>520,679</u>	<u>530,518</u>

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

6. DIRECTORS' EMOLUMENTS

The Directors' emoluments, including pension contributions, were:

	1996	1995
	£	£
Remuneration as Directors	35,537	40,310
Pension contributions	4,998	2,015
Other directors emoluments	6,459	6,683
	<u>46,994</u>	<u>49,008</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996	1995
	£	£
Bank interest receivable	-	32
Other interest receivable	3,014	-
	<u>3,014</u>	<u>32</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
	£	£
Interest payable on bank borrowing	<u>97,696</u>	<u>99,743</u>

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
Corporation tax at the small companies rate, being 25% to 31st March, 1996 and 24% thereafter (1995 the average rate of 29%)	<u>36,166</u>	<u>72,761</u>

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Effluent Plant £	Motor Vehicles £	Computer Equipment £	Total £
COST						
At 28 Jun 1995	1,474,896	183,123	147,540	57,297	55,256	1,918,112
Additions	-	-	-	-	1,086	1,086
Disposals	-	-	-	(8,450)	-	(8,450)
At 25 Jun 1996	<u>1,474,896</u>	<u>183,123</u>	<u>147,540</u>	<u>48,847</u>	<u>56,342</u>	<u>1,910,748</u>
DEPRECIATION						
At 28 Jun 1995	92,479	89,383	23,238	30,421	35,891	271,412
Charge for the year	13,824	9,374	10,328	5,135	8,825	47,486
On disposals	-	-	-	(2,113)	-	(2,113)
At 25 Jun 1996	<u>106,303</u>	<u>98,757</u>	<u>33,566</u>	<u>33,443</u>	<u>44,716</u>	<u>316,785</u>
NET BOOK VALUE						
At 25 Jun 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>
At 27 Jun 1995	<u>1,382,417</u>	<u>93,740</u>	<u>124,302</u>	<u>26,876</u>	<u>19,365</u>	<u>1,646,700</u>

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

11. INVESTMENTS

	Total £
COST	
At 28th June 1995 and 25th June 1996	<u>7,500</u>
NET BOOK VALUE	
At 25th June 1996	<u>7,500</u>
At 27th June 1995	<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 25th JUNE 1996

12. STOCKS

	1996	1995
	£	£
Livestock	<u>22,351</u>	<u>33,509</u>

13. DEBTORS

	1996	1995
	£	£
Trade debtors	1,593,757	2,197,243
Other debtors	52,342	5,483
Prepayments and accrued income	18,336	26,684
	<u>1,664,435</u>	<u>2,229,410</u>

14. CREDITORS: Amounts falling due within one year

	1996		1995	
	£	£	£	£
Bank loans and overdrafts		1,485,088		1,873,141
Trade creditors		398,629		661,197
Other creditors including taxation and social security:				
Taxation and social security:	70,230		129,064	
Other creditors	<u>128,377</u>		<u>114,888</u>	
		198,607		243,952
Accruals and deferred income		<u>69,145</u>		<u>81,440</u>
		<u>2,151,469</u>		<u>2,859,730</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 on further property owned by the Company.

PREMIER LIVESTOCK AUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 25th JUNE 1996

15. DEFERRED TAXATION

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

	1996 £	1995 £
Excess of taxation allowances over depreciation on fixed assets	30,045	44,905
Tax losses available	(9,809)	(10,218)
	<u>20,236</u>	<u>34,687</u>

Deferred taxation has been calculated at 24% (1995 35%)

16. OTHER PROVISIONS

	1996 £	1995 £
Insurance Pool	<u>6,696</u>	<u>6,696</u>

17. COMMITMENTS UNDER OPERATING LEASES

At 25th June 1996 the Company had annual commitments under non-cancellable operating leases as set out below.

	1996		1995	
	Land and buildings £	Other items £	Land and buildings £	Other items
Operating leases which expire:				
Within 1 year	42,500	-	42,500	-
Within 2 to 5 years	-	7,383	-	6,880
	<u>42,500</u>	<u>7,383</u>	<u>42,500</u>	<u>6,880</u>

18. 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 25th JUNE 1996

19. TRANSACTIONS WITH THE DIRECTORS

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

	1996	1995
	£	£
I.D.R. MacNicol - Management Fees to G.C. & F.C. Knight Ltd.	80,000	70,000
B.O. Chilver - Consultancy Fees	30,000	30,000

20. SHARE CAPITAL

Authorised share capital:

	1996	1995
	£	£
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	1996	1995
	£	£
Ordinary share capital	<u>5,000</u>	<u>5,000</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	79,567	164,293
Opening shareholders' equity funds	<u>1,050,734</u>	<u>886,441</u>
Closing shareholders' equity funds	<u>1,130,301</u>	<u>1,050,734</u>