

THE DARLINGTON FARMERS AUCTION MART COMPANY LIMITED

Filleted Annual Report and Financial Statements
for the Year Ended 31 December 2022

The Darlington Farmers Auction Mart Company Limited

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The Darlington Farmers Auction Mart Company Limited

Company Information

Directors	G T Lentilo P A G Monkhouse M P Gilhespy M P Dent S Catterall S M Ferrie
Registered office	Humbleton Park West Auckland Road Darlington County Durham DL2 2XX
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

The Darlington Farmers Auction Mart Company Limited

(Registration number: 00212585)

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	11,295,148	11,352,894
Investment property	7	70,000	185,600
Investments	8	186,564	186,564
		<u>11,551,712</u>	<u>11,725,058</u>
Current assets			
Stocks	9	771	771
Debtors	10	1,624,953	1,535,945
Cash at bank and in hand		25,977	11,971
		<u>1,651,701</u>	<u>1,548,687</u>
Creditors: Amounts falling due within one year	11	<u>(1,315,512)</u>	<u>(2,645,544)</u>
Net current assets/(liabilities)		<u>336,189</u>	<u>(1,096,857)</u>
Total assets less current liabilities		11,887,901	10,628,201
Creditors: Amounts falling due after more than one year	11	<u>(3,018,149)</u>	<u>(1,751,041)</u>
Provisions for liabilities		<u>(1,513,087)</u>	<u>(1,704,229)</u>
Net assets		<u>7,356,665</u>	<u>7,172,931</u>
Capital and reserves			
Called up share capital		294,000	294,000
Share premium reserve		84,450	84,450
Revaluation reserve		518,014	518,014
Fair value reserve		70,000	70,000
Profit and loss account		<u>6,390,201</u>	<u>6,206,467</u>
Total equity		<u>7,356,665</u>	<u>7,172,931</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Income Statement.

Approved and authorised for issue by the Board on 28 September 2023 and signed on its behalf by:

.....
M P Dent
Director

The notes on pages 3 to 14 form an integral part of these financial statements.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Humbleton Park, West Auckland Road, Darlington, County Durham, DL2 2XX.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Group accounts not prepared

The company is exempt by virtue of s399 (2A) of the Companies Act 2006 from the requirement to prepare group financial statements. The financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on a going concern basis.

At 31 December the company reported net current assets of £336,189 and net assets of £7,356,665. The net current liability position in the prior year was partially driven by bank loans which have been refinanced during the current year to now be repayable over a long term 25 year basis.

The company meets its day to day working capital requirements through cash generated from operations and the use of external bank borrowings and an overdraft facility. The company's overdraft facility is due for renewal at the end of 2023 but the directors have received reassurance from the bank that the facility will be renewed at its current level.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios. This also considers the effectiveness of available measures to assist in mitigating the impact.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Although the forecasts prepared taking account of the matters above support the ability of the company to remain a going concern and to be able to trade and meet its debts as they fall due, the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Revenue recognition

Turnover represents the invoiced amount of commissions (stated net of value added tax).

Government grants

Government grants received relating to costs incurred by the company are recognised in the profit & loss account over the period necessary to match them with the costs that they are intended to compensate. Government grants are presented separately and disclosed in other income in the profit & loss account.

Other income includes UK Government assistance provided through the Coronavirus Job Retention Scheme.

Tax

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For freehold and leasehold property, cost refers to the 'deemed cost' on the date of transition to FRS 102 (1 October 2013). From this date revaluations were no longer performed.

On the subsequent sale of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. The movement in deferred tax arising from the revaluation of properties will be included in other comprehensive income.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Freehold property	2%-5% straight line
Leasehold property	5% straight line
Plant and machinery	10% straight line
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss unless they reverse gains previously recognised in reserves prior to the adoption of FRS 102.

Deferred taxation is provided on the future gains on investment properties at the rate expected to apply when the properties are sold.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 28 (2021 - 29).

4 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	13,300	11,070

5 Loss/profit before tax

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	218,209	213,036
Operating lease expense - plant and machinery	16,402	18,739
Loss on disposal of property, plant and equipment	17,247	1,518
(Profit)/loss on disposal of investment property	-	(212,812)
(Gain)/loss on fair value adjustment to investment property	-	(90,600)

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Tangible assets

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	11,513,500	75,279	407,558	20,045	12,016,382
Additions	82,373	591	53,103	66,323	202,390
Disposals	-	(73,820)	(325,014)	(20,045)	(418,879)
At 31 December 2022	11,595,873	2,050	135,647	66,323	11,799,893
Depreciation					
At 1 January 2022	265,813	66,741	321,898	9,036	663,488
Charge for the year	197,190	1,629	16,392	2,998	218,209
Eliminated on disposal	-	(68,001)	(299,081)	(9,870)	(376,952)
At 31 December 2022	463,003	369	39,209	2,164	504,745
Carrying amount					
At 31 December 2022	11,132,870	1,681	96,438	64,159	11,295,148
At 31 December 2021	11,247,687	8,538	85,660	11,009	11,352,894

Included in the cost or valuation of the freehold land and buildings is freehold land of £1,481,250 (2021 - £1,481,250) which is not depreciated.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Tangible assets (continued)

Revaluation

The fair value of the company's Freehold property was revalued on 8 June 2015 by an independent valuer. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Guidance as set out within the 2015 Global Standards and with particular reference to the local Professional Standards - UK, also known as the "Red Book". The name and qualification of the independent valuer are Carter Jonas, a member of the Royal Institution of Chartered Surveyors.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,325,935 (2021 - £1,325,935).

7 Investment properties

	2022 £
At 1 January	185,600
Disposals	<u>(115,600)</u>
At 31 December	<u><u>70,000</u></u>

The fair value of the company's investment property was valued by GSC Grays, an independent valuer.

The valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Guidance as set out within the 2019 Global Standards and with particular reference to the local Professional Standards - UK, also known as the "Red Book".

8 Investments

	2022 £	2021 £
Investments in subsidiaries	<u>186,564</u>	<u>186,564</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2022		<u>186,564</u>
At 31 December 2022		<u>186,564</u>
Provision		
At 1 January 2022		<u>-</u>
At 31 December 2022		<u>-</u>
Carrying amount		
At 31 December 2022		<u><u>186,564</u></u>
At 31 December 2021		<u><u>186,564</u></u>

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Investments (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
T H Vickers Limited	Darlington Farmers Auction Mart, Humbleton Park, West Auckland Road, Darlington, DL2 2XX England and Wales	Ordinary	100%	100%
D J Developments (North East) Limited	Darlington Farmers Auction Mart, Humbleton Park, West Auckland Road, Darlington, DL2 2XX England and Wales	Ordinary	45%	45%

Subsidiary undertakings

T H Vickers Limited

The principal activity of T H Vickers Limited is that of chartered surveyors.

D J Developments (North East) Limited

The principal activity of D J Developments (North East) Limited is that of a property company.

9 Stocks

	2022	2021
	£	£
Other inventories	771	771

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Debtors

	Note	2022 £	2021 £
Trade debtors		1,077,743	1,013,067
Amounts owed by group undertakings	<u>14</u>	471,647	450,505
Prepayments		35,858	31,033
Other debtors		39,705	41,340
		<u>1,624,953</u>	<u>1,535,945</u>

11 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Bank loans and overdrafts	<u>12</u>	765,310	2,303,910
Trade creditors		103,111	60,512
Taxation and social security		75,529	48,655
Accruals and deferred income		161,493	147,345
Other creditors		183,569	60,622
Directors loan accounts		26,500	24,500
		<u>1,315,512</u>	<u>2,645,544</u>

Creditors include net obligations under finance lease and hire purchase contracts which are secured of £17,338 (2021 - £8,787).

Creditors: amounts falling due after more than one year

	Note	2022 £	2021 £
Due after one year			
Loans and borrowings	<u>12</u>	<u>3,018,149</u>	<u>1,751,041</u>
		<u>2,430,286</u>	<u>214,205</u>

Creditors include net obligations under finance lease and hire purchase contracts which are secured of £48,397 (2021 - £nil).

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Loans and borrowings

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	134,588	49,606
Bank overdrafts	613,384	2,245,517
Hire purchase and finance lease liabilities	17,338	8,787
	<u>765,310</u>	<u>2,303,910</u>
	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	2,969,752	1,751,041
Hire purchase and finance lease liabilities	48,397	-
	<u>3,018,149</u>	<u>1,751,041</u>

Bank borrowings

Business loan agreement is denominated in sterling with a nominal interest rate of base rate +1.75%, and the final instalment is due on 1 June 2030. The carrying amount at year end is £Nil (2021 - £492,301).

The loan was secured by way of: A first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at Humbleton Farm, Darlington; a first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at Neesham Rd; a first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at 44 Clifton Road, Darlington; and an unlimited debenture from The Darlington Farmers Auction Mart Company Limited.

Development loan is denominated in sterling with a nominal interest rate of base rate +2.05%, and the final instalment is due on 20 October 2022. The carrying amount at year end is £Nil (2021 - £1,311,500).

The loan was secured by way of: a first legal charge from The Darlington Farmers Auction Mart Company Limited over the freehold land and buildings at Humbleton Farm, Darlington, DL2 2XX; first legal charge from The Darlington Farmers Auction Mart Company Limited over the freehold land and buildings at Neesham Road, DL2 1QD; a first legal charge from The Darlington Farmers Auction Mart Company Limited over the freehold land and buildings at 44 Clifton Road, DL1 5DS; an unlimited all monies guarantee T H Vickers Limited together with such other security as the Bank may from time to time hold for the debts and liabilities of the guarantor to the Bank; and an unlimited debenture from The Darlington Farmers Auction Mart Company Limited.

Mortgage is denominated in sterling with a nominal interest rate of 5.13%%, and the final instalment is due on 1 April 2047. The carrying amount at year end is £2,746,834 (2021 - £Nil).

The loan was secured by way of: A first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at Humbleton Farm, Darlington; a first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at 44 Clifton Road, Darlington; and an unlimited debenture from The Darlington Farmers Auction Mart Company Limited.

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Loans and borrowings (continued)

Base rate loan is denominated in sterling with a nominal interest rate of base rate + 2.57%%, and the final instalment is due on 1 September 2027. The carrying amount at year end is £351,244 (2021 - £Nil).

The loan was secured by way of: A first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at Humbleton Farm, Darlington; a first legal charge from the the Darlington Farmers Auction Mart Company Limited over freehold property at 44 Clifton Road, Darlington; and an unlimited debenture from The Darlington Farmers Auction Mart Company Limited.

Included in the loans and borrowings are the following amounts due after more than five years:

Bank loans and overdrafts after five years

Mortgage agreement was denominated in sterling with a nominal interest rate of 5.13%. The final instalment is due on 1 April 2047.

Business loan agreement was denominated in sterling with a nominal interest rate of base rate +1.75%. The final instalment was due on 1 June 2030.

13 Reserves

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Other reserves £	Retained earnings £
Transferred on disposal of the investment property	(866,439)	866,439

14 Related party transactions

John Paul Pulford Allison is a related party by virtue of being a director. During the year John Paul Pulford Allison paid commissions totalling £27 (2021 - £nil). At the year end the balance outstanding, included in debtors was £nil (2021 - £nil).

Mark Dent is a related party by virtue of being a director. During the year Mark Dent paid commissions totalling £17 (2021 - £nil). At the year end the balance outstanding, included in debtors was £nil (2021 - £nil).

Gerard Ti Lentilo is a related party by virtue of being a director. During the year Gerard Ti Lentilo paid commissions totalling £1,281 (2020 - £1,064). At the year end the balance outstanding, included in debtors was £nil (2021 - £nil).

P Monkhouse Haulage LLP is a related party by virtue of being under the control of a director, P A G Monkhouse. During the year P Monkhouse Haulage paid commissions totalling £476 (2021 - £1,023) and purchases totalling £10,539 (2021 - £nil). At the year end the balance outstanding was £118 (2021 - £80,225) included in debtors and £4,718 (2021 - £166) included in creditors.

Phillip Coates Ltd is a related party by virtue of being under the control of a director, P Coates. During the year Phillip Coates LTD provided services totalling £18,000 (2021 - £33,570). At the year end the balance outstanding, included in creditors, was £1,440 (2021 - £1,440).

The Darlington Farmers Auction Mart Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Related party transactions (continued)

Allison Devereux Farms is a related party by virtue of being under the control of director, J P P Allison. During the year Allison Devereux Farms paid commissions totalling £5,107 (2021 - £4,887). At the year end the balance outstanding, included in debtors, was £nil (2021 - £nil).

S & J Dent & Sons is a related party by virtue of being under the control of director, M Dent. During the year S & J Dent & Sons paid commissions totalling £3,732 (2020 - £4,412). At the year end the balance outstanding, included in debtors, was £nil (2021 - £nil).

S & D Ferrie is a related party by virtue of being under the control of director, S M Ferrie. During the year S & D Ferrie paid commissions totalling £738 (2021- £525). At the year end the balance outstanding, included in debtors, was £nil (2021 - £nil).

PJ & MP Gilhespy is a related party by virtue of being under the control of director, M P Gilhespy During the year PJ & MP Gilhespy paid commissions totalling £8,381 (2021 - £8,437). At the year end the balance outstanding, included in debtors, was £nil (2021 - £nil).

Coniscliffe Legal is a related party by virtue of being under the control of a director, S Catterall. During the year Coniscliffe Legal provided services totalling £3,581 (2021 - £4,122). At the year end the balance outstanding, included in creditors, was £1,153 (2021 - £1,875.)

D J Developments (North East) Limited is an associate by virtue of The Darlington Farmers Auction Mart Company Limited owning 45% of the shareholding. During the year, D J Developments (North East) Limited received working capital of £9,613 (2021 - £nil). At the year end, the balance included in other debtors was £430,780 (2021 - £421,167).

15 Off-balance sheet arrangements

Operating lessor commitment

The total of future minimum lease receipts due in less than one year is £30,208 (2021 - £43,500).

The total of future minimum lease receipts due in greater than one year is £877 (2021 - £26,656).

16 Parent and ultimate parent undertaking

The company is controlled by its shareholders. No individual shareholder, or connected group of shareholders, has majority ownership of the shares.

17 Audit report

The Independent Auditor's Report was unqualified.

The name of the Senior Statutory Auditor who signed the audit report on 29 September 2023 was Christopher Potter BA (Hons) ACA , who signed for and on behalf of Azets Audit Services .

Azets Audit Services is a trading name of Azets Audit Services Limited

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.