



*Annual Report & Financial Statements
for the year ended 30 April 2009*

John Swan & Sons PLC

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Financial Statements
for the year ended 30 April 2009*

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Board of Directors and Professional Advisers

Executive Directors

J C Clark

F W Forrest

Non-Executive Directors

Alastair J Ritchie, Company Director, Edinburgh – Chairman of John Swan & Sons PLC

James D Allen, Farmer, Longnewton, St Boswells

George R Forbes, Farmer, Georgefield, Coldstream

George T Neill, Farmer, Downham, Mindrum – Chairman of John Swan Limited

Secretaries, Registrars and Registered Office

Geoghegan & Co, CA

6 St Colme Street, Edinburgh EH3 6AD

Registered Auditors

Scott-Moncrieff,

17 Melville Street, Edinburgh EH3 7PH

Solicitors

Shepherd & Wedderburn LLP

1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL

Nominated Advisers

Brewin Dolphin Limited

7 Drumsheugh Gardens, Edinburgh EH3 7QH

Bankers

The Royal Bank of Scotland plc

1 Chesser Avenue, Edinburgh EH14 1TB

Registered in Scotland: No. 7893

Statement by the Chairman *John Swan & Sons PLC*

Our trading subsidiary, John Swan Limited, reported an interim profit of £85,232 but has had a less successful second six months, showing a profit before tax for the full year of £34,600. A fuller report on the auctioneering business is included in the Statement by the Chairman of John Swan Limited below.

Our results for the year are summarised as follows:

	2009	2008
	£	£
(Loss)/Profit before tax		
John Swan Limited	34,600	107,917
John Swan & Sons PLC	(182,137)	(188,522)
IAS 19 pension adjustment	(69,000)	8,000
(Loss) before tax	<u>(216,537)</u>	<u>(72,605)</u>

There is little to report on property matters since the last statement, although the Board continues to progress planning issues relating to the present mart site at St Boswells. Shareholders were informed of the failure of our appeal against the refusal of planning permission for the development of the field at Chesser, Edinburgh. This asset will now be retained for the long term, when planning attitudes may well be influenced by more commercial constraints.

With regard to Board structure, George Neill, having reached the age of 70, has been asked to stand down at the Annual General Meeting, both from the Board of John Swan & Sons PLC and from his position as Chairman of John Swan Limited and has agreed to do so. On your behalf, I would like to record our appreciation of the contribution George has made to this business, over many years and through many difficulties. His dedication to the Auction Mart, its operation and its future does him particular credit and we wish him well in retirement.

At the same time, Frank Forrest is leaving the Board and will concentrate exclusively on our non-livestock business and we thank him for his contribution to our work over the last nineteen years. James Allen has agreed to take over the chairmanship of John Swan Limited and will remain a director of John Swan & Sons PLC. We wish him well in this position, during a period of considerable economic challenge and uncertainty.

Given current and short-term activity levels, it is not the Board's intention to replace George and Frank at this time, leaving four directors, namely the Chairman and the Managing Director of the Auction Mart, an independent non-executive director and an independent non-executive Chairman.

Finally, the Board is pleased to declare a final dividend for the current year of 15p per ordinary share to be paid on 2 October 2009 to shareholders on the register at 4 September 2009. The ex dividend date will be 2 September 2009. This, along with the interim dividend paid in March 2009, amounts to a dividend for the year of 30p per ordinary share (2008: 30p).

Alastair J Ritchie
Chairman

Statement by the Chairman *John Swan Limited*

Despite the continuing decline in the national beef herd and sheep flock, the company succeeded in increasing its throughput of both cattle and sheep throughout the past year. Producers are at present receiving a more realistic return for their stock but the future of the industry very much depends upon the viability of livestock production and the associated legislation.

In the past year, our association with Livestock Marketing Borders has continued to develop and this has enabled our customers to benefit from a more comprehensive marketing facility. Also, the company's Swan & Turner business has established itself in Jedburgh and is building a reputation in the Borders and further afield for its auctions of fine art and antiques.

Notwithstanding the increase in livestock throughput and value, it is disappointing that we have only returned a profit before tax of £34,600. However, it must be mentioned that in this past year, on the advice of our actuary, we have commenced contributing an annual sum of £60,000 towards the company's pension and death in service costs. Also, on 7 July 2009, the company received a fine of £22,800 for animal movement recording offences in Northumberland and this has been provided for in these accounts. A provision of £97,170 has also been made for bad and doubtful debts. Finally, it should be noted that the bank interest receivable on monies held on deposit has decreased from £76,000 in 2008 to £16,000 this year mainly due to falling interest rates.

The current economic climate has had the effect of delaying our Rural Centre and Mart relocation programme. The relocation will, of course, be triggered by the development of our existing mart site at St Boswells and it is intended that the John Swan Limited Board will be restructured so that it can focus on the redevelopment of the market operation for the future, whilst continuing to provide the best possible service to our customers.

In conclusion, I wish to record our appreciation for the continued support we have received from our loyal customers over the past year and to thank our staff, who have worked tirelessly on the company's behalf.

George T Neill
Chairman

Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 30 April 2009.

Principal activities

The Group, through its subsidiary John Swan Limited, acts as auctioneers, livestock agents, valuers and estate agents and operates livestock auction marts in Newtown St Boswells and Wooler.

Business review

The Companies Act requires the Directors to provide a review of the business of the Group during the financial year and this is dealt with in the Statements by the Chairmen preceding this report.

Key performance indicators

Given the straightforward nature of the business, the Group directors are of the opinion that the use of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The loss for the year after taxation amounted to £199,670. The directors recommend a final dividend of 15p per ordinary share to be paid on 2 October 2009 to ordinary shareholders on the register on 4 September 2009 which, together with the interim dividend of 15p paid on 12 March 2009 makes a total of 30p for the year (2008 – 30p).

Risks and uncertainties

The Group directors recognise that there are three principal risks facing the company:

- *Purchasers sourcing stock direct from customers*
The mart directors strive to provide a premium service and effective financial service to encourage customers to continue using the auction system.
- *Bad debts*
The Group insures major debtors, where possible, to reduce the risk of significant financial loss.
- *Defined benefit pension scheme*
The Group directors review the position regularly to assess the impact that funding the scheme will have on future profitability.

Directors' Report continued

Directors and their interests

The directors, who served throughout the year, are shown on page 1. Mr AJ Ritchie and Mr GR Forbes retire by rotation and being eligible offer themselves for re-election.

The interests of the directors in the share capital of the company at the year end were:

	Ordinary shares	
	At 30 April 2009	At 30 April 2008
Beneficial:		
Mr J D Allen	2,100	2,100
Mr J C Clark	8,798	8,798
Mr G R Forbes	600	600
Mr F W Forrest	1,500	1,500
Mr G T Neill	1,000	1,000
Mr A J Ritchie	4,750	4,750

No changes took place in the interests of the directors between 30 April 2009 and 30 June 2009.

Post balance sheet events

There have been no significant events affecting the Group since 30 April 2009.

Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The directors are aware of the Combined Code which provides a template for Corporate Governance procedures for fully listed companies. The Code does not apply to AIM listed companies but the directors have chosen to comply with those provisions that are appropriate, taking into account the size of the Group.

The Board of Directors

The Board consists of executive and non-executive directors all of whom are required to retire and submit themselves for re-election every three years. By nature of the fact that the non-executive directors may be farmers, they are often customers of the Group. Their terms of trade are exactly the same as any other customer.

Since September 2005, Mr Clark and Mr Forrest have had written service contracts with John Swan Limited.

It is not considered necessary to provide biographical details for each director.

Directors' Report *continued*

Audit committee

The Audit Committee consists of two non-executive directors, Mr Ritchie and Mr Neill. It meets twice a year and its terms of reference include the review of internal control procedures and risk assessment, the scope of the audit, the half year and full year accounts and issues arising from the audit.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board meets bi-monthly and exercises control over strategic, financial and operational matters. The executive directors meet monthly and involve themselves in the day to day management of the Group, with particular emphasis given to the control of debts.

The Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Directors' remuneration

Details of the remuneration of each director serving during the year are set out in Note 7 to the financial statements. The Company has a remuneration committee and the members are Mr Ritchie and Mr Neill. John Swan Limited has a separate remuneration committee. The aim of that committee, with reference to executive directors' remuneration, is to align individual reward and incentives directly with the performance of John Swan Limited and to provide a remuneration package sufficient to attract, retain and motivate executive directors. The typical elements of executive directors' remuneration packages are basic salary, benefits in kind, commission and pension.

Indemnity arrangements

The Company has qualifying third party indemnity provisions in place for its directors.

Relations with shareholders

There is an ongoing dialogue throughout the year with the many shareholders who are also customers. Shareholders also have the opportunity to attend and participate in the annual general meeting.

Supplier payment policy

The Group's policy is to pay all consignors of stock for sale in the markets within a maximum period of seven days.

Fixed assets

In the opinion of the directors the current open market value of the Group's interest in land and buildings exceeds the book value. In the absence of a recent valuation the difference cannot be quantified.

Directors' Report continued

Substantial shareholdings

The Company is aware of the following substantial interests in the issued ordinary shares as at 30 June 2009:

Value Investments Limited	10.09 per cent
The Hon Peregrine Moncreiffe, Easter Moncreiffe, Perthshire	9.08 per cent
Peter S Allen, House of Shaws, Midhurst	3.14 per cent

Audit Information

The directors who held office at the date of approval of this directors' report confirm that:

- so far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Scott-Moncreiffe have expressed their willingness to continue in office as Auditors of the Company and its subsidiaries and a resolution proposing their re-appointment will be put to shareholders at the Annual General Meeting.

By order of the Board

Geoghegan & Co
Secretaries

31 July 2009

Note: The value for Capital Gains Tax purposes of the ordinary shares of the Company as at 31 March 1982 was 92.5 pence per share.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs). Company law requires the directors to prepare such financial statements in accordance with IFRSs, the Companies Act 2006 and Article 4 of the IAS regulation. The directors have elected to prepare the Company's separate financial statements under United Kingdom Generally Accepted Accounting Principles (UK GAAP).

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



Independent Auditor's Report to the Members of John Swan & Sons PLC

We have audited the group financial statements of John Swan & Sons PLC for the year ended 30 April 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Recognised Income and Expense and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Members of John Swan & Sons PLC *continued*

Other matter

We have reported separately on the parent company financial statements of John Swan & Sons PLC for the year ended 30 April 2009.

Donald Forsyth (Senior statutory auditor)

for and on behalf of Scott-Moncrieff, Statutory Auditor

31 July 2009

17 Melville Street
Edinburgh EH3 7PH



Consolidated Income Statement

for the year ended 30 April 2009

	Notes	2009 £	2008 £
Revenue	4	<u>2,396,247</u>	<u>1,518,130</u>
Staff costs	6	1,074,000	1,050,400
Depreciation		114,005	110,092
Other operating expenses		<u>1,501,189</u>	<u>735,237</u>
		<u>2,689,194</u>	<u>1,895,729</u>
Operating loss		(292,947)	(377,599)
Investment revenues	8	77,089	305,694
Finance costs	8	(764)	(888)
Share of results of joint venture after tax	14	85	188
Loss before tax		<u>(216,537)</u>	<u>(72,605)</u>
Tax	9	<u>16,867</u>	<u>(1,122)</u>
Loss for the year	5	<u>(199,670)</u>	<u>(73,727)</u>
Basic and diluted earnings per share	11	<u>(32.79)p</u>	<u>(12.11)p</u>

Consolidated Statement of Recognised Income and Expense

for the year ended 30 April 2009

	Notes	2009 £	2008 £
Actuarial gains on defined benefit pension scheme	28	538,000	515,000
Tax on items taken directly to equity		(151,000)	(120,000)
Net income recognised directly in equity		<u>387,000</u>	<u>395,000</u>
Loss for the year		<u>(199,670)</u>	<u>(73,727)</u>
Total recognised income and expense		<u>187,330</u>	<u>321,273</u>

Consolidated Balance Sheet as at 30 April 2009

	Notes	2009 £	2008 £
Non-current assets			
Property, plant and motor vehicles	12	2,142,130	1,769,621
Investment in joint venture	14	8,485	8,400
Pension scheme assets	28	2,184,000	1,715,000
		<u>4,334,615</u>	<u>3,493,021</u>
Current assets			
Inventories	15	-	108,059
Trade and other receivables	16	3,623,124	3,646,926
Cash and cash equivalents	17	628,346	1,036,319
		<u>4,251,470</u>	<u>4,791,304</u>
Total assets		<u>8,586,085</u>	<u>8,284,325</u>
Current liabilities			
Trade and other payables	18	223,019	223,061
Obligations under finance leases	19	4,371	2,478
Bank overdraft	17	523,661	357,344
		<u>751,051</u>	<u>582,883</u>
<i>Net current assets</i>		<u>3,500,419</u>	<u>4,208,421</u>
Non-current liabilities			
Deferred tax liabilities	21	638,521	504,388
Obligations under finance leases	19	-	4,371
Deferred income	22	16,000	16,800
		<u>654,521</u>	<u>525,559</u>
Total liabilities		<u>1,405,572</u>	<u>1,108,442</u>
Net assets		<u>7,180,513</u>	<u>7,175,883</u>
Equity			
Share capital	23,24	168,000	168,000
Revenue reserve	23	70,000	70,000
Employee Benefit Trust reserve	23,25	(39,815)	(39,815)
Retained earnings	23	6,982,328	6,977,698
Total equity		<u>7,180,513</u>	<u>7,175,883</u>

The financial statements were approved by the board of directors and authorised for issue on 31 July 2009. They were signed on its behalf by:

ALASTAIR RITCHIE
Chairman

JACK CLARK
Director

Consolidated Cash Flow Statement

for the year ended 30 April 2009

	Notes	2009	2008
		£	£
Net cash used in operating activities	26	<u>(274,701)</u>	<u>(1,489,623)</u>
Investing activities			
Interest received	8	40,089	135,694
Proceeds on disposal of motor vehicles		19,495	2,200
Purchases of property, plant and motor vehicles		<u>(173,995)</u>	<u>(42,932)</u>
Net cash (used in)/from investing activities		<u>(114,411)</u>	<u>94,962</u>
Financing activities			
Dividends paid	10	(182,700)	(182,700)
Repayment of obligations under finance leases		<u>(2,478)</u>	<u>(2,478)</u>
Net cash used in financing activities		<u>(185,178)</u>	<u>(185,178)</u>
Net decrease in cash and cash equivalents		(574,290)	(1,579,839)
Cash and cash equivalents at beginning of year		678,975	2,258,814
Cash and cash equivalents at end of year	17	<u>104,685</u>	<u>678,975</u>

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

John Swan & Sons PLC is a company incorporated in the United Kingdom under the Companies Act 2006.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

New Standards

IFRS 8 Operating segments

Amendments to Standards

IAS 1 (revised) Presentation of financial statements

IAS 23 (revised) Borrowing costs

IFRS 2 Share-based payments

IFRS 1 and IAS 27 Cost of investment in a subsidiary, joint venture and associate

IAS 32 and IAS 1 Financial instruments: presentation

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries and the Group's interest in jointly controlled entities.

The consolidated financial statements include the Group's appropriate share of joint venture undertakings' post tax profits in the consolidated income statement. Investments in joint venture undertakings are accounted for under the equity method, initially stated at cost and adjusted thereafter for subsequent changes in the Group's share of net assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for livestock and services provided in the normal course of business, net of discounts and VAT.

Sales of livestock are recognised when title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Notes to the Consolidated Financial Statements *continued*

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Assets obtained under finance leases are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants relating to property are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Operating profit or loss

Operating profit or loss is stated before the share of results of the joint venture and before investment income and finance costs.

Retirement benefit costs

The Group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Group.

The pension scheme assets are measured using fair values, as at the respective balance sheet dates. The pension scheme liabilities are measured using the projected unit method and discounted at an AA corporate bond rate. The expected return on the scheme assets less interest on liabilities is included in investment revenues. Actuarial gains and losses are recognised in equity and presented in the statement of recognised income and expense. The pension scheme surplus, to the extent that it is recoverable, or the deficit, is recognised in full and presented on the face of the balance sheet.

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in equity.

Notes to the Consolidated Financial Statements *continued*

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and motor vehicles

Property, plant and motor vehicles are stated at cost less depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, on the following bases:

Buildings	2½% to 5% straight line
Plant and machinery	10% and 20% reducing balance and 25% straight line
Motor vehicles	25% straight line

All tangible assets have been depreciated with the exception of land and heritable property in existence at 30 April 1968, as any depreciation charge in respect of this heritable property would be immaterial.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the expected amount recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Financial liabilities and equity

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

Bank borrowings

Bank overdrafts are recorded at the proceeds received. Financial charges are accounted for on an accruals basis in profit or loss.

Trade payables

Trade payables are measured at fair value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.



Notes to the Consolidated Financial Statements *continued*

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Valuation of retirement scheme assets

The Group records in its balance sheet an asset equivalent to the surplus on the Group's defined pension scheme. This asset is determined with advice from the Group's actuarial adviser each year and can fluctuate based on a number of factors some of which are outwith the control of management. The main factors that can impact the valuation include:

- The discount rate used to discount future liabilities back to the present date. This is determined each year based on the yield on corporate bonds.
- The actual rates of salary increase as compared to the expected rates used in the previous valuation.
- The actual returns on investments experienced as compared to the expected rates used in the previous pension scheme valuation.
- Mortality assumptions.

Details of the assumptions used to determine the assets at 30 April 2009 are set out in Note 28.

4 REVENUE

	2009	2008
	£	£
An analysis of the Group's revenue is as follows:		
Commissions	1,751,099	1,346,527
Estate agency and valuation fees	47,086	69,870
Interest from customers	34,809	18,486
Sales of livestock	463,260	-
	<u>2,296,254</u>	<u>1,434,883</u>
Other operating income	80,070	66,626
Property rental income	19,923	16,621
	<u>2,396,247</u>	<u>1,518,130</u>

During the year the Wooler operation traded as principal in the sale of livestock. The value of the sales is noted above and the cost of the livestock sold is shown in Note 5. With effect from 1 May 2009 this trading has ceased.

Notes to the Consolidated Financial Statements *continued*

5 LOSS FOR THE YEAR

	2009	2008
	£	£
Loss for the year has been arrived at after charging/(crediting):		
Purchases of livestock for resale	465,126	-
Deferred income release (Note 22)	(800)	(800)
Impairment of trade receivables	97,170	18,287
	<u>465,126</u>	<u>18,287</u>

The analysis of auditors' remuneration is as follows:

Fees payable to the Company's auditors for the audit of the Company's annual accounts	4,950	4,600
Fees payable to the Company's auditors for other services to the Group:		
- The audit of the Company's subsidiary pursuant to legislation	8,900	8,400
<i>Total audit fees</i>	<u>13,850</u>	<u>13,000</u>
Fees payable to the Company's auditors in respect of associated pension scheme		
- Audit	1,525	1,470
	<u>1,525</u>	<u>1,470</u>

6 STAFF COSTS

	2009	2008
	£	£
Salaries and wages	851,354	832,745
Social security costs	56,646	55,655
Other pension costs (see Note 28)	144,000	162,000
Death in service premium	22,000	-
	<u>1,074,000</u>	<u>1,050,400</u>

Other pension costs above of £144,000 (2008: £162,000) exclude other finance income, the expected return on assets and actuarial gains and losses, which are reported elsewhere.

The average monthly number of employees (including executive directors) was:

	2009	2008
	Number	Number
Office and management	23	23
Other permanent staff	6	7
Part time staff	6	4
	<u>35</u>	<u>34</u>

Notes to the Consolidated Financial Statements *continued*

7 DIRECTORS' REMUNERATION

Aggregate emoluments of the directors of the Group, who are also the company's key management personnel were as follows:

	2009	2008
	£	£
Fees to non-executive directors	59,500	59,500
Salaries and benefits to executive directors	113,761	106,342
Pension contributions	-	-
	<u>173,261</u>	<u>165,842</u>

No share option scheme is in force.

The remuneration of each of the directors for the years ended 30 April 2009 and 2008 is set out below:

	Fees	Salary	Benefits	Total Emoluments
	£	£	£	£
<i>2008-09 Executive</i>				
J C Clark	3,700	50,947	9,777	64,424
F W Forrest	3,700	39,578	6,059	49,337
	<u>7,400</u>	<u>90,525</u>	<u>15,836</u>	<u>113,761</u>
<i>2007-08 Executive</i>				
J C Clark	3,700	49,982	5,638	59,320
F W Forrest	3,700	38,618	4,704	47,022
	<u>7,400</u>	<u>88,600</u>	<u>10,342</u>	<u>106,342</u>
<i>Non-Executive</i>				
			2008-09	2007-08
			£	£
A J Ritchie			20,000	20,000
J D Allen			13,000	13,000
G R Forbes			10,000	10,000
G T Neill			16,500	16,500
			<u>59,500</u>	<u>59,500</u>

The fees paid to Mr Allen and Mr Neill include fees in respect of services carried out on behalf of the subsidiary company, John Swan Limited. Mr Ritchie's fees are paid to Ritchie & Co under an agreement to provide the Company with his services.

No commission was paid to the executive directors during the year.

Benefits in kind received during the year relate principally to the provision of company cars and medical insurance.

The company made a contribution of £38,000 to the pension scheme in the year (2008: £nil), although this contribution was not specifically made in favour of the directors (see Note 28).

Notes to the Consolidated Financial Statements *continued*

7 DIRECTORS' REMUNERATION (*continued*)

Directors' incentivisation

On 11 December 2007, an incentivisation scheme was adopted by the Board to incentivise the Company directors to further enhance shareholder value. Under the arrangement, the Board granted each of the Company's directors a one-off award relating to a specified number of shares. Mr Ritchie was granted an award of 6,950 notional shares and Mr Clark, Mr Forrest, Mr Allen, Mr Forbes and Mr Neill were each granted an award of 5,560 notional shares. Upon a cash payment being made to shareholders within a period of five years from the date on which the award was granted, these directors will be entitled to receive a cash payment equivalent to the amount the Company's share price has risen above a base price of £15 multiplied by the number of notional shares granted to them. The closing price on 11 December 2007 was £14.75. The closing price on 30 April 2009 was £6.

No accrual has been made in these accounts for any award, which may become payable in the future under this scheme.

Directors' pensions

The executive directors are members of an HM Revenue & Customs approved defined benefit pension scheme which is open to all eligible employees. Non-executive directors may not join the scheme. The scheme provides for a maximum pension of two-thirds final pensionable salary at a normal retirement age of 65. A widow's pension of two-thirds of the director's pension is payable on death after retirement. On retirement, the directors may commute part of their pension for a cash lump sum, within HM Revenue & Customs limits.

The table below sets out information regarding the accrued pension entitlements of the executive directors. The figures exclude any pensions arising from additional voluntary contributions paid by the directors.

	Age at 30 April 2009	Accumulated accrued pension at age 65 30 April 2009	30 April 2008
		£	£
J C Clark	61	33,546	32,728
F W Forrest	54	26,035	25,400



Notes to the Consolidated Financial Statements *continued*

8 INVESTMENT REVENUES AND FINANCE COSTS

	2009 £	2008 £
<i>Investment revenues</i>		
Bank interest receivable	40,089	135,694
Net return on defined benefit pension scheme (see Note 28)	<u>37,000</u>	<u>170,000</u>
	<u>77,089</u>	<u>305,694</u>
<i>Finance costs</i>		
Bank interest payable	(134)	(258)
Finance charges on finance lease obligation	<u>(630)</u>	<u>(630)</u>
	<u>(764)</u>	<u>(888)</u>

9 TAX

	2009 £	2008 £
Current tax - credit	-	376
Deferred tax - credit/(charge)	<u>16,867</u>	<u>(1,498)</u>
	<u>16,867</u>	<u>(1,122)</u>

Corporation tax is calculated at 28% (2008: 29.835%) of the estimated assessable profit for the year.

	2009 £	2008 £
Current tax:		
UK corporation tax charge on loss of the year	-	-
Over-provided in previous year	<u>-</u>	<u>376</u>
	-	376
Deferred tax:		
Origination and reversal of timing differences	<u>(2,133)</u>	<u>502</u>
Tax (expense)/credit (see below)	(2,133)	878
Deferred tax:		
IAS 19 credit/(expense)	<u>19,000</u>	<u>(2,000)</u>
Tax credit/(charge) on loss	<u>16,867</u>	<u>(1,122)</u>

Notes to the Consolidated Financial Statements *continued*

9 TAX *(continued)*

The charge for the year can be reconciled to the loss per the consolidated income statement as follows:

	2009 £	2008 £
Loss before tax	(216,537)	(72,605)
Tax at the UK corporation tax rate of 28% (2008 –29.835%)	60,630	21,661
Tax effect of:		
Share of results of joint venture	24	56
Expenses not deductible in determining taxable loss	(17,590)	(12,780)
IAS 19 adjustments	(19,320)	2,387
Tax losses not recognised	(26,647)	(8,721)
Different tax rate of subsidiary	770	(2,101)
Adjustment in respect of previous year	-	376
	62,763	(20,783)
Tax (expense)/credit for the year (see above)	(2,133)	878

10 DIVIDENDS

	2009 £	2008 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 April 2008 of 15p (2007: 15p) per share	91,350	91,350
Interim dividend for the year ended 30 April 2009 of 15p (2008: 15p) per share	91,350	91,350
	182,700	182,700
Proposed final dividend for the year ended 30 April 2009 of 15p (2008: 15p) per share	91,350	91,350

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

11 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2009 £	2008 £
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to equity holders of the parent	(199,670)	(73,727)

Notes to the Consolidated Financial Statements *continued*

11 EARNINGS PER SHARE *(continued)*

	2009 Number	2008 Number
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>609,000</u>	<u>609,000</u>

12 PROPERTY, PLANT AND MOTOR VEHICLES

	Land and buildings £	Plant £	Motor vehicles £	Total £
Cost				
At 1 May 2007	1,807,980	664,516	265,083	2,737,579
Additions	-	6,595	36,337	42,932
Disposals	-	-	(27,400)	(27,400)
At 1 May 2008	1,807,980	671,111	274,020	2,753,111
Additions	402,394	20,240	77,375	500,009
Disposals	-	-	(79,628)	(79,628)
At 30 April 2009	<u>2,210,374</u>	<u>691,351</u>	<u>271,767</u>	<u>3,173,492</u>
Accumulated depreciation				
At 1 May 2007	272,896	480,102	147,800	900,798
Charge for year	42,661	20,492	46,939	110,092
On disposals	-	-	(27,400)	(27,400)
At 1 May 2008	315,557	500,594	167,339	983,490
Charge for year	42,661	21,285	50,059	114,005
On disposals	-	-	(66,133)	(66,133)
At 30 April 2009	<u>358,218</u>	<u>521,879</u>	<u>151,265</u>	<u>1,031,362</u>
Carrying amount				
At 30 April 2009	<u>1,852,156</u>	<u>169,472</u>	<u>120,502</u>	<u>2,142,130</u>
At 30 April 2008	<u>1,492,423</u>	<u>170,517</u>	<u>106,681</u>	<u>1,769,621</u>

The carrying amount of the Group's land and buildings includes an amount of £155,586 (2008: £155,586) in respect of land and buildings which have not been subject to depreciation in accordance with Note 2.

The addition to the Group's land and buildings in the year of £402,394 includes the capitalisation of professional fees incurred in respect of the redevelopment of the existing mart site at St Boswells, the proposed construction of a new mart and the possible development of other properties owned by the company. This expenditure has not been depreciated in the year.

The carrying amount of the Group's motor vehicles includes an amount of £3,309 (2008: £6,363) in respect of an asset held under a finance lease.

Notes to the Consolidated Financial Statements *continued*

13 SUBSIDIARIES

A list of investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in Note 33 to the Company's separate financial statements.

14 INVESTMENT IN JOINT VENTURE

The Group's 50% share of the joint venture, Braveheart Beef (Scotland) Limited, at 30 April 2009, is as follows :

	2009	2008
	£	£
<i>Share of assets:</i>		
Current assets	8,508	8,447
<i>Share of liabilities:</i>		
Due within one year or less	(23)	(47)
Share of net assets	<u>8,485</u>	<u>8,400</u>
Share of revenue	-	-
Share of profit before tax	108	235
Tax	(23)	(47)
Profit after tax	<u>85</u>	<u>188</u>

The joint venture has not traded since 30 April 2005.

15 INVENTORIES

	2009	2008
	£	£
Livestock	-	<u>108,059</u>

16 TRADE AND OTHER RECEIVABLES

	2009	2008
	£	£
Trade receivables from auctioneering services	3,574,745	3,280,952
Other trade receivables	3,992	10,394
Prepayments	44,387	355,580
	<u>3,623,124</u>	<u>3,646,926</u>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

17 CASH AND CASH EQUIVALENTS

	2009	2008
	£	£
Bank and cash balances	628,346	1,036,319
Bank overdraft	(523,661)	(357,344)
Cash and cash equivalents in the cash flow statement	<u>104,685</u>	<u>678,975</u>

The Royal Bank of Scotland plc holds a bond and floating charge over the assets of the subsidiary company, John Swan Limited, for the provision of overdraft facilities during peak trading periods.

Notes to the Consolidated Financial Statements *continued*

18 TRADE AND OTHER PAYABLES

	2009	2008
	£	£
Trade and other payables	123,588	171,003
Accruals	99,431	52,058
	<u>223,019</u>	<u>223,061</u>

Trade and other payables principally comprise amounts outstanding for trade expenses and ongoing costs.

19 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	£	£	£	£
Amounts payable under finance leases:				
Within one year	4,423	3,108	4,371	2,478
In the second to fifth years inclusive	-	4,423	-	4,371
	<u>4,423</u>	<u>7,531</u>	<u>4,371</u>	<u>6,849</u>
Less: Future finance charges	(52)	(682)	-	-
Present value of lease obligations	<u>4,371</u>	<u>6,849</u>	4,371	6,849
Less: Amount due for settlement within 12 months (shown under current liabilities)			(4,371)	(2,478)
Amount due for settlement after 12 months			<u>-</u>	<u>4,371</u>

The Group has leased one motor vehicle under a finance lease.

20 FINANCIAL ASSETS AND LIABILITIES

The Group's main financial instruments comprise bank and cash balances and short term debtors and creditors.

Capital management

The Group's policy is to maintain a strong capital base.

Management of financial risk

The Group considers its major financial risk to be credit risk.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet is net of allowances for doubtful receivables, which are estimated based on previous experience and management's assessment of the current economic climate. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Notes to the Consolidated Financial Statements *continued*

20 FINANCIAL ASSETS AND LIABILITIES *(continued)*

Credit risk (continued)

The ageing of trade receivables from auctioneering services at the year end was as follows:

	2009 £	2008 £
Invoices - less than 21 days	2,338,486	1,975,802
Invoices - between 21 and 90 days	909,928	980,139
Invoices - over 90 days	441,788	343,298
	<u>3,690,202</u>	<u>3,299,239</u>
Provision	(115,457)	(18,287)
Trade receivables from auctioneering services (see Note 16)	<u>3,574,745</u>	<u>3,280,952</u>

The movement in the provision during the year was as follows:

Balance as at 1 May 2008	18,287	-
Recognised in profit and loss (see Note 5)	97,170	18,287
Balance as at 30 April 2009	<u>115,457</u>	<u>18,287</u>

21 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £	Retirement benefit obligations £	Total £
At 1 May 2007	24,890	358,000	382,890
(Credit)/charge to income	(1,746)	146,000	144,254
Effect of change in tax rate			
- income statement	1,244	(24,000)	(22,756)
At 1 May 2008	<u>24,388</u>	<u>480,000</u>	<u>504,388</u>
Charge to income	2,133	132,000	134,133
At 30 April 2009	<u>26,521</u>	<u>612,000</u>	<u>638,521</u>

The Company has not recognised a deferred tax asset of £58,613 (2008: £31,966) in respect of unused tax losses carried forward.

22 DEFERRED INCOME

	2009 £	2008 £
Government grant - towards capital expenditure:		
At 1 May 2008	16,800	17,600
Released to operating loss for the year	(800)	(800)
At 30 April 2009	<u>16,000</u>	<u>16,800</u>

Notes to the Consolidated Financial Statements *continued*

23 CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves:

	Share capital £	Revenue reserve £	Employee Benefit Trust reserve £	Retained earnings £
At 1 May 2007	168,000	70,000	(39,815)	6,839,125
Loss for the year	-	-	-	(73,727)
Other recognised gains and losses for the year	-	-	-	395,000
Dividends	-	-	-	(182,700)
At 1 May 2008	168,000	70,000	(39,815)	6,977,698
Loss for the year	-	-	-	(199,670)
Other recognised gains and losses for the year	-	-	-	387,000
Dividends	-	-	-	(182,700)
At 30 April 2009	168,000	70,000	(39,815)	6,982,328

24 SHARE CAPITAL

	2009 £	2008 £
Authorised:		
940,000 ordinary shares of 25p	235,000	235,000
120,000 deferred shares of 12.5p	15,000	15,000
	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
612,000 ordinary shares of 25p	153,000	153,000
120,000 deferred shares of 12.5p	15,000	15,000
	<u>168,000</u>	<u>168,000</u>

On a poll, each ordinary share of 25p carries one vote and each deferred share of 12.5p carries four votes. Following the transfer of the deferred shares to the John Swan Employee Benefit Trust on 26 October 2005, the voting rights attaching to the deferred shares are exercised by the Trustee of the Trust as instructed by the Board, except where such instruction may breach the Trustee's fiduciary duty, in which case the Trustee shall be entitled to vote as it sees fit. The deferred shares no longer have a right to a dividend.

The company continues to hold 3,000 of its ordinary shares of 25p as treasury shares. The voting and other rights attaching to these shares are suspended whilst they are held as treasury shares. Similarly, no dividends or distributions will be made in respect of these shares whilst they are held as treasury shares.

25 EMPLOYEE BENEFIT TRUST RESERVE

The Employee Benefit Trust was established pursuant to a trust deed entered into between the Company and John Swan Trustee Limited dated 22 September 2005. The Employee Benefit Trust holds 120,000 deferred shares of 12.5p in the Company. The Company has not made any contributions to the Trust and there has been no movement in the assets of the Trust in the year (2008 - £nil).

Notes to the Consolidated Financial Statements *continued*

26 NOTES TO THE CASH FLOW STATEMENT

	2009	2008
	£	£
Loss before tax	(216,537)	(72,605)
Adjustments for:		
Investment revenues	(77,089)	(305,694)
Finance costs	764	888
Share of results of joint venture	(85)	(188)
Pension scheme current service cost	106,000	162,000
Depreciation of property, plant and motor vehicles	114,005	110,092
Gain on sale of motor vehicles	(6,000)	(2,200)
Deferred income released in the year	(800)	(800)
Operating cash flows before movement in working capital	<u>(79,742)</u>	<u>(108,507)</u>
Decrease/(Increase) in inventories	108,059	(72,411)
(Increase) in receivables	(302,212)	(1,367,530)
(Decrease)/Increase in payables	(42)	63,837
Cash used in operations	<u>(273,937)</u>	<u>(1,484,611)</u>
Taxes paid	-	(4,124)
Interest paid	(764)	(888)
Net cash used in operating activities	<u><u>(274,701)</u></u>	<u><u>(1,489,623)</u></u>

27 OPERATING LEASE ARRANGEMENTS

	2009	2008
	£	£
Minimum lease payments under operating lease recognised as an expense in the year	<u>17,250</u>	<u>-</u>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under a non-cancellable operating lease, which fall due as follows:

	2009	2008
	£	£
Within one year	-	-
In the second to fifth years inclusive	34,500	-
After five years	<u>-</u>	<u>-</u>
	<u><u>34,500</u></u>	<u><u>-</u></u>

Operating lease payments represent rentals payable by the Group for a shop and store. The lease has been negotiated for a term of three years and the rental is reviewed on each anniversary of the date of entry (1 May 2008).



Notes to the Consolidated Financial Statements *continued*

28 RETIREMENT BENEFIT SCHEME

Defined benefit scheme

The Group operates a defined benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund under the control of trustees. Contributions to the scheme are charged to the consolidated income statement so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 May 2007.

The most recent actuarial valuation showed that the market value of the scheme's assets was £5,339,000 and that the actuarial value of those assets represented 147% of the benefits that had accrued to members, after allowing for expected future increases in earnings. In view of the scheme's surplus and on the recommendation of the actuary, both the Group's and the employees' contributions had been suspended temporarily since 1 May 1993. However, again on the actuary's recommendation, the Group and the Trustees of the scheme have agreed that in the period from 10 July 2008 to 31 July 2013, the Group will pay contributions (including death in service premiums) of £60,000 per annum covering each scheme year from 1 May to 30 April. The first such contribution was due and paid by 30 April 2009.

The full actuarial valuation carried out at 1 May 2007 was updated to 30 April 2009 by a qualified independent actuary. The key assumptions used by the actuary were:

	30 April 2009	30 April 2008
Discount rate	6.9%	6.2%
Retail price inflation	3.4%	3.4%
Salary increase rate	4.4%	4.4%
Pension increases (Limited Price Indexation) - LPI maximum 5%	3.4%	3.4%
Deferred pension revaluation	3.4%	3.4%

The mortality assumptions adopted estimate life expectancies from age 65 for men and women of 20.8 years and 24.0 years respectively and from 65 for men and women aged 45 now of 22.6 years and 26.0 years respectively.

Amounts recognised in income in respect of the defined benefit scheme are as follows:

	2009 £'000	2008 £'000
Current service cost	144	162
Interest on obligation	242	228
Expected return on assets	(279)	(398)
Total operating charge/(credit)	107	(8)

The current service cost for the year of £144,000 (2008: £162,000) has been included in Staff costs and the net return for the year of £37,000 (2008: £170,000) has been included in Investment revenues in the Consolidated income statement.

The actual return on scheme assets was £184,000 (2008: £270,000).

Notes to the Consolidated Financial Statements *continued*

28 RETIREMENT BENEFIT SCHEME *(continued)*

Amounts recognised in the statement of recognised income and expenditure (SORIE) are as follows:

	2009	2008
	£'000	£'000
Actual return less expected return on assets	(95)	(128)
Experience (losses)/gains on the obligation	(61)	99
Change in assumptions	694	544
Actuarial gain recognised in SORIE	<u>538</u>	<u>515</u>

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement scheme is as follows:

	2009	2008
	£'000	£'000
Fair value of scheme assets	5,737	5,621
Value of obligation	<u>(3,553)</u>	<u>(3,906)</u>
Surplus	<u>2,184</u>	<u>1,715</u>

Movements in the fair value of scheme assets were as follows:

	2009	2008
	£'000	£'000
Value of scheme assets at 1 May 2008	5,621	5,415
Expected return	279	398
Contributions	38	-
Benefits paid	(106)	(64)
Actual return less expected return on assets	<u>(95)</u>	<u>(128)</u>
Value of scheme assets at 30 April 2009	<u>5,737</u>	<u>5,621</u>

Movements in the present value of the defined benefit obligation were as follows:

	2009	2008
	£'000	£'000
Present value of the obligation at 1 May 2008	(3,906)	(4,223)
Current service cost	(144)	(162)
Interest on obligation	(242)	(228)
Benefits paid	106	64
Actuarial loss on obligation	<u>633</u>	<u>643</u>
Present value of the obligation at 30 April 2009	<u>(3,553)</u>	<u>(3,906)</u>

Notes to the Consolidated Financial Statements *continued*

28 RETIREMENT BENEFIT SCHEME *(continued)*

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Long-term rate of return expected at 30 April 2009	Value at 30 April 2009 £'000	Long-term rate of return expected at 30 April 2008	Value at 30 April 2008 £'000
Equities	-	-	-	-
Bonds	-	-	-	-
Other	3.0%	5,737	5.0%	5,621
Total		<u>5,737</u>		<u>5,621</u>

The overall expected long term return on scheme assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets. With all assets at the accounting date invested in cash, the overall expected rate of return, weighted by asset allocation, is 3%.

The history of experience adjustments is as follows:

	2009 £'000	2008 £'000	2007 £'000
Fair value of scheme assets	5,737	5,621	5,415
Present value of defined benefit obligations	<u>(3,553)</u>	<u>(3,906)</u>	<u>(4,223)</u>
Surplus in the scheme	<u>2,184</u>	<u>1,715</u>	<u>1,192</u>
Experience adjustments on scheme assets			
Amount (£'000)	<u>(95)</u>	<u>(128)</u>	<u>9</u>
Percentage of scheme assets (%)	<u>(2%)</u>	<u>(2%)</u>	<u>0%</u>
Experience adjustments on scheme liabilities			
Amount (£'000)	<u>(61)</u>	<u>99</u>	<u>(28)</u>
Percentage of scheme liabilities (%)	<u>(2%)</u>	<u>3%</u>	<u>(1%)</u>

The Group expects to contribute £60,000 (including death in service premiums) to its defined benefit retirement scheme in the year to 30 April 2010.

29 RELATED PARTY TRANSACTIONS

Transactions between the Company and its wholly owned subsidiaries have been eliminated on consolidation and are not disclosed in this note.

The non-executive farming directors of the Group both purchase and sell stock through the markets on the same terms as those enjoyed by other customers. The transactions with these persons are not considered material in relation to the overall turnover of the Group. At 30 April 2009, the Group was due a balance of £18,875 by Messrs S & J Allen, a business in which Mr JD Allen is involved. This balance has been paid since 30 April 2009.

Five Year Summary of Financial Results (£'000)

	UK GAAP			IFRS	
	2005	2006	2007	2008	2009
Revenue	<u>1,425.6</u>	<u>1,443.7</u>	<u>1,575.2</u>	<u>1,518.1</u>	<u>2,396.2</u>
Operating loss	(321.8)	(399.6)	(224.0)	(377.6)	(292.9)
Investment revenues	173.7	273.8	290.3	305.7	77.1
Finance costs	(9.5)	-	(0.7)	(0.9)	(0.8)
Share of results of joint venture after tax	-	-	3.2	0.2	0.1
Profit on disposal of property	4,234.4	-	-	-	-
Consideration for grant of option	-	-	42.8	-	-
Profit/(loss) before tax	4,076.8	(125.8)	111.6	(72.6)	(216.5)
Tax	<u>(873.5)</u>	<u>(115.5)</u>	<u>(16.4)</u>	<u>(1.1)</u>	<u>16.8</u>
Profit/(loss) for the year	<u>3,203.3</u>	<u>(241.3)</u>	<u>95.2</u>	<u>(73.7)</u>	<u>(199.7)</u>
Earnings per Ordinary Share	476.6p	(37.8)p	15.6p	(12.1)p	(32.8)p
Dividend per Ordinary Share :					
<i>Final – paid in year</i>	15p	30p	15p	15p	15p
<i>Interim – paid in year</i>	-	15p	15p	15p	15p

The years ending 30 April 2005 and 2006 have been presented in accordance with UK GAAP.
The years ending 30 April 2007 to 2009 have been presented in accordance with IFRSs.



Company
Financial Statements
for the year ended 30 April 2009

Independent Auditor's Report to the Members of John Swan & Sons PLC

We have audited the parent company financial statements of John Swan & Sons PLC for the year ended 30 April 2009 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent Auditor's Report to the Members of John Swan & Sons PLC *continued*

Other matter

We have reported separately on the group financial statements of John Swan & Sons PLC for the year ended 30 April 2009.

Donald Forsyth (Senior statutory auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor

31 July 2009

17 Melville Street
Edinburgh EH3 7PH

Company Balance Sheet as at 30 April 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	32	1,709,173	1,342,291
Investments			
Investments in subsidiary companies	33	3,000,001	3,000,001
		<u>4,709,174</u>	<u>4,342,292</u>
Current assets			
Debtors – amounts falling due within one year	34	7,037	343,143
Cash at bank and in hand		504,007	943,214
		<u>511,044</u>	<u>1,286,357</u>
Creditors - amounts falling due within one year	35	43,411	87,005
Net current assets		<u>467,633</u>	<u>1,199,352</u>
Total assets less current liabilities		5,176,807	5,541,644
Provisions for liabilities		-	-
Net assets		<u>5,176,807</u>	<u>5,541,644</u>
Capital and reserves			
Called up share capital	36	168,000	168,000
Revenue reserve	37	70,000	70,000
Employee Benefit Trust reserve	37, 38	(39,815)	(39,815)
Profit and loss account	37	4,978,622	5,343,459
Equity shareholders' funds	39	<u>5,176,807</u>	<u>5,541,644</u>

The financial statements were approved and authorised for issue by the Board on 31 July 2009 and were signed on its behalf by:

ALASTAIR RITCHIE
Chairman

JACK CLARK
Director

Notes to the Company Financial Statements

30 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2½% to 5% straight line
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Land and heritable property has been depreciated in accordance with FRS 15 with the exception of land and heritable property in existence at 30 April 1968, as any depreciation charge in respect of this heritable property would be immaterial.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

31 LOSS FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a loss for the financial year ended 30 April 2009 of £182,137 (2008: loss for the year - £188,522).

Notes to the Company Financial Statements *continued*

32 TANGIBLE ASSETS

	Freehold land and buildings £	Total £
Cost		
At 1 May 2008	1,629,252	1,629,252
Additions	402,394	402,394
Disposals	-	-
At 30 April 2009	<u>2,031,646</u>	<u>2,031,646</u>
Depreciation		
At 1 May 2008	286,961	286,961
On disposals	-	-
Charge for year	35,512	35,512
At 30 April 2009	<u>322,473</u>	<u>322,473</u>
Net book value		
At 30 April 2009	<u>1,709,173</u>	<u>1,709,173</u>
At 30 April 2008	<u>1,342,291</u>	<u>1,342,291</u>

Land and buildings with a net book value of £155,586 (2008: £155,586) and included in the Company's net book value above of £1,709,173 (2008: £1,342,291), have not been subject to depreciation in accordance with Note 30.

The addition to the Group's land and buildings in the year of £402,394 includes the capitalisation of professional fees incurred in respect of the redevelopment of the existing mart site at St Boswells, the proposed construction of a new mart and the possible development of other properties owned by the company. This expenditure has not been depreciated in the year.

33 SUBSIDIARIES

Details of the Company's subsidiaries at 30 April 2009 are as follows :

	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment
John Swan Limited	Scotland	100	100	Equity
John Swan Trustee Limited	Scotland	100	100	Equity

John Swan Limited acts as auctioneers, livestock agents, valuers and estate agents and operates auction marts in Newtown St Boswells and Wooler.

John Swan Trustee Limited carries on the office and duties of the Trustee of the John Swan Employee Benefit Trust. The Company has not traded or made profits or losses since incorporation.

Notes to the Company Financial Statements *continued*

34 DEBTORS - amounts falling due within one year	2009	2008
	£	£
Other debtors	7,037	7,566
Prepayments and accrued income	-	335,577
	<u>7,037</u>	<u>343,143</u>

35 CREDITORS - amounts falling due within one year	2009	2008
	£	£
Amount owed to subsidiary undertaking	-	10,593
Other creditors	29,625	65,862
Accruals	13,786	10,550
	<u>43,411</u>	<u>87,005</u>

36 SHARE CAPITAL

Details of the Company's share capital are given in Note 24 of the Consolidated financial statements.

37 RESERVES

	Revenue reserve £	Employee Benefit Trust reserve £	Profit and loss account £	Total £
At 1 May 2008	70,000	(39,815)	5,343,459	5,373,644
Loss for the financial year	-	-	(182,137)	(182,137)
Equity dividends paid	-	-	(182,700)	(182,700)
At 30 April 2009	<u>70,000</u>	<u>(39,815)</u>	<u>4,978,622</u>	<u>5,008,807</u>

38 EMPLOYEE BENEFIT TRUST RESERVE

Details of the Employee Benefit Trust are given in Note 25 of the Consolidated financial statements.

Notes to the Company Financial Statements *continued*

39 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(182,137)	(188,522)
Equity dividends paid (see Note 40)	(182,700)	(182,700)
Net deduction from shareholders' funds	<u>(364,837)</u>	<u>(371,222)</u>
Balance at 1 May 2008	5,541,644	5,912,866
Balance at 30 April 2009	<u><u>5,176,807</u></u>	<u><u>5,541,644</u></u>

40 DIVIDENDS

Details of the dividends paid in the year are given in Note 10 of the Consolidated financial statements.