

Land Machinery Limited

Directors' report and consolidated
financial statements

Registered number 447678

30 September 2006

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Directors' report

The directors of Land Machinery Limited present their annual report and the audited financial statements for the year ended 30 September 2006

Principal activities and business review

The principal activity of the company continues to consist of the distribution of agricultural and horticultural garden machinery and equipment

Delayed receipt by farmers of Single Farm Payments resulted in difficult trading conditions for much of the financial year

Turnover was at similar levels to last year but the company improved its profitability due to the cost saving measures implemented in 2005

In 2007 certain sectors of the industry may benefit from improved market prices but the overall outlook is uncertain

Company results and dividends

The financial statements for the year ended 30 September 2006 show profit before tax of £109,000 (2005 £55,000) on turnover of £8,188,000 (2005 £8,064,000) There is a profit on ordinary activities after taxation for the period of £86,000 (2005 £40,000)

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2006 of £42,000 As this dividend has neither been voted by the shareholders nor been paid it has not been charged to the profit and loss account, and is not recognised as a liability

Details of the movements in reserves are shown in the notes to the financial statements

Directors and directors' interests

The present Board of the company is set out below All directors served throughout the year The directors who held office at the end of the year had the following interests in the 20p ordinary shares of the company according to the register of directors' interests

	Interest at start and end of year
DE Jones	108,750
SM Metcalfe	33,750
RJ Phillimore	7,500

No director had at any time during the year a material interest in any contract of significance in relation to the company's business, other than DE Jones whose interest in IAM Agricultural Machinery Limited, and related contracts, are summarised at note 25 to the financial statements

Political and charitable contributions

The group made no political contributions during the year Donations to UK Charities amounted to £600

Disclosure of information to auditors


The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint KPMG LLP as auditors will be proposed at the Annual General Meeting

By order of the board



SM Metcalfe
Secretary

Redlake Trading Estate
Ivybridge
Devon
PL21 0EZ

24 January 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG LLP
Plym House
3 Longbridge Road
Marsh Mills
Plymouth
PL6 8LT
United Kingdom

Independent auditors' report to the members of Land Machinery Limited

We have audited the group and parent company financial statements (the "financial statements") of Land Machinery Limited for the year ended 30 September 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Land Machinery Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at the 30th September 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

25 January 2007

Consolidated profit and loss account
year ended 30 September 2006

	<i>Note</i>	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Turnover	<i>1</i>	8,188	8,064
Cost of sales		(6,157)	(5,932)
		<hr/>	<hr/>
Gross profit		2,031	2,132
Distribution costs		(838)	(923)
Administration expenses		(1,071)	(1,137)
		<hr/>	<hr/>
Operating profit	<i>2</i>	122	72
Net interest payable and similar charges	<i>5</i>	(13)	(17)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		109	55
Taxation on profit on ordinary activities	<i>6</i>	(23)	(15)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		86	40
		<hr/>	<hr/>

The group has no recognised gains and losses other than those disclosed in the profit and loss account for either period

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis for either period

All items derive from continuing operations

Balance sheets
at 30 September 2006

		Group		Company	
	<i>Note</i>	30 September 2006 £000	30 September 2005 £000 As restated	30 September 2006 £000	30 September 2005 £000 As restated
Fixed assets					
Tangible assets	8	72	67	72	67
Investments	9	-	-	313	313
		<u>72</u>	<u>67</u>	<u>385</u>	<u>380</u>
Current assets					
Stocks	10	2,201	1,884	2,201	1,884
Debtors	11	1,266	1,171	1,266	1,171
Cash at bank and in hand		979	942	979	942
		<u>4,446</u>	<u>3,997</u>	<u>4,446</u>	<u>3,997</u>
Creditors Amounts falling due within one year	12	(2,314)	(1,910)	(2,627)	(2,223)
Net current assets		<u>2,132</u>	<u>2,087</u>	<u>1,819</u>	<u>1,774</u>
Total assets less current liabilities		<u>2,204</u>	<u>2,154</u>	<u>2,204</u>	<u>2,154</u>
Creditors Amounts falling due after more than one year	13	-	(6)	-	(6)
Net assets		<u>2,204</u>	<u>2,148</u>	<u>2,204</u>	<u>2,148</u>
Capital and reserves					
Called up share capital	16	30	30	30	30
Profit and loss account	17	2,174	2,118	2,174	2,118
Equity shareholders' funds		<u>2,204</u>	<u>2,148</u>	<u>2,204</u>	<u>2,148</u>

These financial statements were approved by the board of directors on 24 January 2007 and were signed on its behalf by


DE Jones
Director


SM Metcalfe
Director

Consolidated cash flow statement
for the year ended 30 September 2006

<i>Note</i>	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	122	72
Depreciation charges	33	32
Profit on sale of fixed assets	-	(8)
Decrease/(Increase) in stocks	(317)	400
Decrease/(Increase) in debtors	(97)	252
Increase/ (Decrease) in creditors	385	(302)
	<hr/>	<hr/>
Net cash inflow from operating activities	126	446
	<hr/>	<hr/>

Cash flow statement

Cash flow from operating activities		126	446
Returns on investments and servicing of finance	<i>22</i>	(12)	(35)
Taxation		(6)	(60)
Capital expenditure and financial investment	<i>22</i>	(29)	(1)
Equity dividends paid	<i>7</i>	(30)	(61)
Financing - Hire purchase repayments		(12)	(10)
		<hr/>	<hr/>
Increase in cash in the period	<i>23</i>	37	279
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below. In these financial statements FRS 21 'Events after the balance sheet date' has been adopted for the first time. The accounting policies under this new standard are set out below together with an indication of the effects of their requirements.

The prior year adjustment required by the implementation of FRS 21 'Events after the balance sheet date' is set out in note 15.

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 September 2006. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The profit dealt with in the accounts of the company is stated in note 17.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life determined as follows:

Plant and machinery	-	10-20% per annum
Motor vehicles	-	25% per annum
Fixtures, fittings, tools and equipment	-	10-33% per annum

Leasehold improvements are depreciated over the period of the lease.

Pension costs

Land Machinery Limited operates a defined contribution group personal pension plan, the assets of which are held separately in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Leases and Hire Purchase

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account as incurred

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Where relevant, cost includes an appropriate share of overheads

Turnover

Turnover represents sales of goods and services outside the group net of discounts, allowances and value added tax

The principal activity of the group is the distribution of agricultural, horticultural and garden machinery and equipment

There was no significant turnover from sales outside the UK

All sales originate in the UK

2 Operating profit

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
<i>Operating profit is stated after charging</i>		
Operating lease charges		
Land and buildings	81	82
Motor vehicles, plant and machinery	106	114
Depreciation of tangible fixed assets – owned	22	23
- leased	3	2
- hire purchased	8	7
Auditors' remuneration		
Group - audit fees	11	10
Profit on disposal of fixed assets	-	(8)
	<hr/>	<hr/>

Notes (continued)

3 Directors' emoluments

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Aggregate emoluments (including expense allowances and benefits in kind but excluding payments to pension schemes)	161	168
Company contributions to money purchase pension scheme	6	6

No share options were granted to any director during the year. The number of directors who are members of the pension scheme is two (2005 *two*).

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees Year ended 30 September 2006	Year ended 30 September 2005
Production	5	5
Administration	23	27
Sales and distribution	13	13
	<u>41</u>	<u>45</u>

The aggregate payroll cost was as follows:

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Wages and salaries	939	1,028
Social security costs	88	95
Other pension costs (note 19)	52	58
	<u>1,079</u>	<u>1,181</u>

Notes (continued)

5 Net interest (payable)/receivable

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Bank interest receivable	15	6
	<hr/> 15	<hr/> 6
Interest payable		
On overdrafts and other loans repayable within five years	(16)	(18)
To suppliers	(11)	(3)
In respect of hire purchase contracts	(1)	(2)
	<hr/> (28)	<hr/> (23)
Net interest payable	<hr/> (13)	<hr/> (17)

6 Taxation on profit on ordinary activities

Analysis of charge in period

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
<i>UK Corporation Tax</i>		
Current tax on income for the period	17	6
	<hr/> 17	<hr/> 6
Total current tax	17	6
Deferred tax (see note 14)	6	9
	<hr/> 23	<hr/> 15

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2005 lower) than the small companies rate of corporation tax in the UK 19% (2005 19%). The differences are explained below

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	109	55
	<hr/>	<hr/>
Current tax at 19% (2005 19%)	21	10
<i>Effects of</i>		
Expenses not deductible for tax purposes	3	4
Capital allowances in excess of depreciation	(3)	(4)
Origination/reversal of timing differences	(4)	(4)
	<hr/>	<hr/>
Total current tax charge	17	6
	<hr/>	<hr/>

7 Dividends

	2006 £000	2005 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	30	61
	<hr/>	<hr/>

Dividends for the year ended 30 September 2005 have been restated following the introduction of Financial Reporting Standard 21 – Events after the balance sheet date. The restatement has been made to charge dividend payments in the period in which they are voted by the shareholders or paid, whereas previously, dividends were charged in the period in which they were proposed by the Board of Directors. See note 15 for detail of impact on comparative figures.

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2006 of £42,000. As this dividend has neither been voted by the shareholders nor been paid it has not been charged to the profit and loss account, and is not recognised as a liability.

Notes (continued)

8 Tangible fixed assets

Group and company

	Leasehold improvements	Plant and machinery	Motor vehicles, fixtures, fittings and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At beginning of year	7	125	560	692
Additions	2	6	30	38
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	9	131	590	730
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	4	91	530	625
Charge for the year	2	9	22	33
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6	100	552	658
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2006	3	31	38	72
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2005	3	34	30	67
	<hr/>	<hr/>	<hr/>	<hr/>

- Included in the total net book value of plant and machinery is £18,000 (2005 £26,000) in respect of an asset held under a hire purchase contract. Depreciation for the year on this asset was £8,000 (2005 £7,000)

9 Investments

Company

	Shares in group undertakings £000
Cost	
At 1 October 2005 and 30 September 2006	313
	<hr/>

All investments in subsidiaries are carried in the books at their cost or fair value at acquisition, there having been no subsequent provisions made against the carrying value of investments

The subsidiary undertakings of the company are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
JF (GB) Limited	England	Dormant	Ordinary 100%
LandMec Limited	Scotland	Dormant	Ordinary 100%
WestMac Limited	England	Dormant	Ordinary 100%
Western Tydens Limited	England	Dormant	Ordinary 100%

In the opinion of the directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which these assets are stated in the balance sheet

Notes (continued)

10 Stocks

Group and company

	2006	2005
	£000	£000
Goods for resale	2,201	1,884

In the opinion of the directors the estimated net replacement cost of stocks is not materially different from the above figures

11 Debtors

Group and company

	2006	2005
	£000	£000
Trade debtors	1,073	974
Deferred tax asset (see note 14)	13	19
Other debtors	109	126
Prepayments and accrued income	71	52
	1,266	1,171

12 Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
		As restated		As restated
Trade creditors	1,115	779	1,115	779
Bills of exchange payable	-	97	-	97
Amounts due to subsidiary undertakings	-	-	313	313
Corporation tax	17	6	17	6
Indirect tax and social security liabilities	438	421	438	421
Other creditors	10	-	10	-
Accruals	728	595	728	595
Obligations under hire purchase contracts	6	12	6	12
	2,314	1,910	2,627	2,223

Notes (continued)

13 Creditors: Amounts falling due after more than one year

Group and company

	2006 £000	2005 £000
Obligations under hire purchase contracts	-	6
	<u> </u>	<u> </u>

The maturity of obligations under hire purchase contracts is as follows

	2006 £000	2005 £000
Within one year	6	12
In the second to fifth years	-	6
	<u> </u>	<u> </u>
	6	18
	<u> </u>	<u> </u>

14 Deferred taxation assets

Group and company

The elements of the deferred taxation assets are as follows

	2006 £000	2005 £000
Difference between accumulated depreciation/amortisation and capital allowances	(10)	(12)
Other timing differences	(3)	(7)
	<u> </u>	<u> </u>
Deferred tax asset	(13)	(19)
	<u> </u>	<u> </u>

Notes (continued)

15 Prior year adjustment

Financial Reporting Standard 21, Events after the balance sheet date, became effective for accounting periods starting on or after 1 January 2005. This requires dividends to be charged to the profit and loss account during the period in which they were voted by the shareholders or were paid. Historically, dividends were provided in the period in which they were proposed by the Board of Directors or were paid.

The effects in 2005 of the implementation of Financial Reporting Standard 21 are summarised below

Group and company

Profit and loss account

	2005 £000
Dividends as previously reported	30
Adjust final dividend proposed during period ended 30 September 2004 but voted by shareholders and paid during year ended 30 September 2005	61
Adjust final dividend proposed during year ended 30 September 2005 but voted by shareholders and paid during year ended 30 September 2006	(30)
Adjusted dividends	<u>61</u>

Balance sheet

	2005 £000
Profit and loss account as previously reported	2,088
Adjust final dividend proposed during year ended 30 September 2005 but voted by shareholders and paid during year ended 30 September 2006	30
Adjusted profit and loss account	<u>2,118</u>

16 Called up share capital

	Group and company	
	2006 £000	2005 £000
<i>Authorised</i> 150,000 ordinary shares of 20p	<u>30</u>	<u>30</u>
<i>Allotted, called up and fully paid</i> 150,000 ordinary shares of 20p	<u>30</u>	<u>30</u>

Notes (continued)

17 Reserves

	Group and company	
	2006	2005
	£000	£000
		As restated
Profit and loss account		
At beginning of year	2,118	2,139
Profit for the year	86	40
Dividends	(30)	(61)
	<hr/>	<hr/>
At end of year	2,174	2,118
	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	2006	2005
	£000	£000
		As restated
Group and company		
Profit for the financial year	86	40
Dividends (adjusted, see note 15)	(30)	(61)
	<hr/>	<hr/>
Net increase in shareholders' funds	56	(21)
Opening shareholders' funds	2,118	2,139
	<hr/>	<hr/>
Closing shareholders' funds	2,174	2,118
	<hr/>	<hr/>

19 Pension costs

Contributions paid in respect of the Land Machinery Limited personal pension scheme were £52,000 (2005 £58,000) Contributions outstanding at 30 September 2006 amounted to £nil (2005 £nil)

20 Capital commitments

Group and company

Capital commitments at the end of the financial period for which no provision has been made, are as follows

	2006	2005
	£000	£000
Authorised by the directors and contracted for	-	-
	<hr/>	<hr/>

Notes (continued)

21 Operating leases

Group and company

Annual commitments under non-cancellable operating leases are as follows

	2006		2005	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	70	31	-	13
In the second to fifth years inclusive	-	38	84	55
	<u>70</u>	<u>69</u>	<u>84</u>	<u>68</u>

22 Analysis of cash flows

	2006		2005	
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Interest received	11		4	
Interest paid	(22)		(37)	
Hire purchase interest paid	(1)		(2)	
	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(35)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(29)		(9)	
Sale of tangible fixed assets	-		8	
	<u>-</u>	<u>(29)</u>	<u>8</u>	<u>(1)</u>

23 Reconciliation of net cash flow

	2006 £000	2005 £000
Opening cash at bank and in hand	942	663
Movement in cash resources per cash flow statement	37	279
	<u>979</u>	<u>942</u>

24 Reconciliation of net debt

	At 1 October 2005 £000	Cash flow £000	At 30 September 2006 £000
Cash at bank and in hand	942	37	979
Hire purchase	(18)	12	(6)
	<u>924</u>	<u>49</u>	<u>973</u>

Notes (continued)

25 Related party disclosures

The group had the following transactions with IAM Agricultural Machinery Ltd

	Year ended 30 September 2006 £000	Year ended 30 September 2005 £000
Sales	91	67
Purchases	1	1
Amounts owed to Land Machinery at the period end	3	36
Amounts owed by Land Machinery at the period end	-	2

During the year approximately 24 days (2005 24 days) work was carried out by Land Machinery Limited's Computer Manager for IAM Agricultural Machinery Limited. A charge was made to IAM Agricultural Machinery Limited for this service.

DE Jones is the managing director and majority shareholder of IAM Agricultural Machinery Limited.