

Land Machinery Limited

Directors' report and consolidated
financial statements

Registered number 447678

30 September 2008

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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 2008.

Principal activities and business review

The principal activity of the Company continues to be the wholesaling throughout Great Britain of agricultural machines and parts.

Key performance indicators

Sales grew by 26% during the year under review. The increase resulted from improved market share in a favourable market, especially the arable sector where there was an upturn in commodity prices. The increase in turnover and improved operating profit margin produced a pleasing improvement of 46% in the Company's profit before tax.

Key risks and uncertainties

Conditions in the agricultural sector remain generally favourable and the Company will seek to continue the improvement in the results. However, the recession in the UK economy and the possible tightening in credit and banking facilities available to the Company's customers may restrict the opportunities to increase sales and profitability. The falling value of Sterling against the Euro will also impact the profitability of the Company. The company will continue to monitor the value of sterling.

Business review

On 1st October, by mutual consent, the Company transferred the distribution of the JF-Stoll grassland products to a subsidiary of the manufacturer. The Directors believe the transfer will allow the Company to focus more closely on the development of the remaining agricultural franchises and the growth of the Company's manufacturing division.

The Company's Balance Sheet remains strong and will be further strengthened by the reduction in working capital following the transfer of the JF-Stoll business. There are adequate cash resources and facilities available to finance further increases in business levels.

Company results and dividends

The financial statements for the year ended 30 September 2008 show profit before tax of £365,000 (2007: £250,000) on turnover of £12,637,000 (2007: £10,020,000). There is a profit on ordinary activities after taxation for the period of £255,000 (2007: £187,000).

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2008 of £150,000 (2007: £60,000). 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.

DE Jones
SM Metcalfe
RJ Phillimore

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 23 to the financial statements.

Directors' report (*continued*)

Political and charitable contributions

The group made no political contributions during the year. Donations to UK Charities amounted to £380.

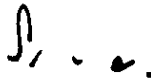
Disclosure of information to auditors

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.

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

13 February 2009

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and 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 group and to prevent and detect fraud and other irregularities.



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 2008 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 consolidated 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 2008 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

13 February 2009

Consolidated profit and loss account
year ended 30 September 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	<i>1</i>	12,637	10,020
Cost of sales		(9,825)	(7,590)
Gross profit		2,812	2,430
Distribution costs		(1,106)	(967)
Administrative expenses		(1,351)	(1,197)
Operating profit	<i>2</i>	355	266
Net interest receivable/(payable)	<i>5</i>	10	(16)
Profit on ordinary activities before taxation		365	250
Taxation on profit on ordinary activities	<i>6</i>	(110)	(63)
Profit on ordinary activities after taxation		255	187

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.

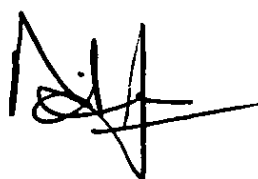
All items derive from continuing operations.

Balance sheets
at 30 September 2008

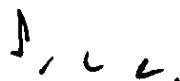
	<i>Note</i>	Group		Company	
		2008 £000	2007 £000	2008 £000	2007 £000
Fixed assets					
Tangible assets	8	64	54	64	54
Investments	9	-	-	313	313
		<u>64</u>	<u>54</u>	<u>377</u>	<u>367</u>
Current assets					
Stocks	10	1,997	1,636	1,997	1,636
Debtors	11	1,610	1,331	1,610	1,331
Cash at bank and in hand		2,156	1,694	2,156	1,694
		<u>5,763</u>	<u>4,661</u>	<u>5,763</u>	<u>4,661</u>
Creditors: Amounts falling due within one year	12	<u>(3,283)</u>	<u>(2,366)</u>	<u>(3,596)</u>	<u>(2,679)</u>
Net current assets		<u>2,480</u>	<u>2,295</u>	<u>2,167</u>	<u>1,982</u>
Total assets		<u>2,544</u>	<u>2,349</u>	<u>2,544</u>	<u>2,349</u>
Capital and reserves					
Called up share capital	14	30	30	30	30
Profit and loss account	15	2,514	2,319	2,514	2,319
Equity shareholders' funds		<u>2,544</u>	<u>2,349</u>	<u>2,544</u>	<u>2,349</u>

These financial statements were approved by the board of directors on 13 February 2009 and were signed on its behalf by:

DE Jones
Director



SM Metcalfe
Director



Consolidated cash flow statement
for the year ended 30 September 2008

<i>Note.</i>	2008 £000	2007 £000
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	355	266
Depreciation charges	30	33
Profit on sale of fixed assets	(3)	(2)
(Increase)/Decrease in stocks	(361)	565
(Increase) in debtors	(298)	(57)
Increase in creditors	890	7
	<hr/>	<hr/>
Net cash inflow from operating activities	613	812
	<hr/>	<hr/>

Cash flow statement

Cash flow from operating activities		613	812
Returns on investments and servicing of finance	20	14	(16)
Taxation		(72)	(17)
Capital expenditure and financial investment	20	(33)	(16)
Equity dividends paid	7	(60)	(42)
Financing - Hire purchase repayments		-	(6)
		<hr/>	<hr/>
Increase in cash in the period	21	462	715
		<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.

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 2008. 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 15.

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.

Sales outside the UK amounted to £161,000 (2007: £153,000).

2 Operating profit

	2008	2007
	£000	£000
<i>Operating profit is stated after charging/(crediting):</i>		
Operating lease charges:		
Land and buildings	88	82
Motor vehicles, plant and machinery	97	106
Depreciation of tangible fixed assets – owned	29	30
- leased	1	3
Auditors' remuneration:		
Group - audit fees	13	13
Profit on disposal of fixed assets	(3)	(2)

Notes (continued)

3 Directors' emoluments

	2008 £000	2007 £000
Aggregate emoluments (including expense allowances and benefits in kind but excluding payments to pension schemes)	317	223
Company contributions to money purchase pension scheme	6	6

The aggregate of emoluments of the highest paid director was £152,000 (2007: £93,000), and company pension contributions of £nil (2007: £nil) were made to a money purchase scheme on his behalf.

No share options were granted to any director during the year. The number of directors who are members of the pension scheme is two (2007: 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	
	2008	2007
Production	8	7
Administration	24	23
Sales and distribution	14	14
	<u>46</u>	<u>44</u>

The aggregate payroll cost was as follows:

	2008 £000	2007 £000
Wages and salaries	1,306	1,133
Social security costs	124	98
Other pension costs (note 17)	62	55
	<u>1,492</u>	<u>1,286</u>

Notes (continued)

5 Net interest receivable/(payable)

	2008 £000	2007 £000
Bank interest receivable	92	38
	<u>92</u>	<u>38</u>
Interest payable:		
On loans repayable within five years	(64)	(29)
To suppliers	(18)	(25)
	<u>(82)</u>	<u>(54)</u>
Net interest receivable/(payable)	<u>10</u>	<u>(16)</u>

6 Taxation on profit on ordinary activities

	2008 £000	2007 £000
<i>Analysis of charge in period</i>		
<i>UK Corporation Tax</i>		
Current tax on income for the period	93	70
Under provision re prior year	1	1
	<u>94</u>	<u>71</u>
Total current tax	94	71
Deferred tax (see note 13)	16	(8)
	<u>110</u>	<u>63</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007: lower) than the main rate of corporation tax in the UK 29% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	365	250
	<hr/>	<hr/>
Current tax at 29% (2007: 30 %)	106	75
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10	8
Capital allowances in excess of depreciation	(8)	1
Origination/reversal of timing differences	(7)	(2)
Adjustment to tax charge in respect of previous periods	1	1
Impact of differing tax rates	(8)	(12)
	<hr/>	<hr/>
Total current tax charge	94	71
	<hr/>	<hr/>

7 Dividends

	2008 £000	2007 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	60	42
	<hr/>	<hr/>

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2008 of £150,000. 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
<i>Cost or valuation</i>				
At beginning of year	10	141	580	731
Additions	6	22	12	40
Disposals	-	-	(4)	(4)
At end of year	16	163	588	767
<i>Depreciation</i>				
At beginning of year	9	110	558	677
Charge for the year	1	11	18	30
Disposals	-	-	(4)	(4)
At end of year	10	121	572	703
<i>Net book value</i>				
At 30 September 2008	6	42	16	64
At 30 September 2007	1	31	22	54

9 Investments

Company

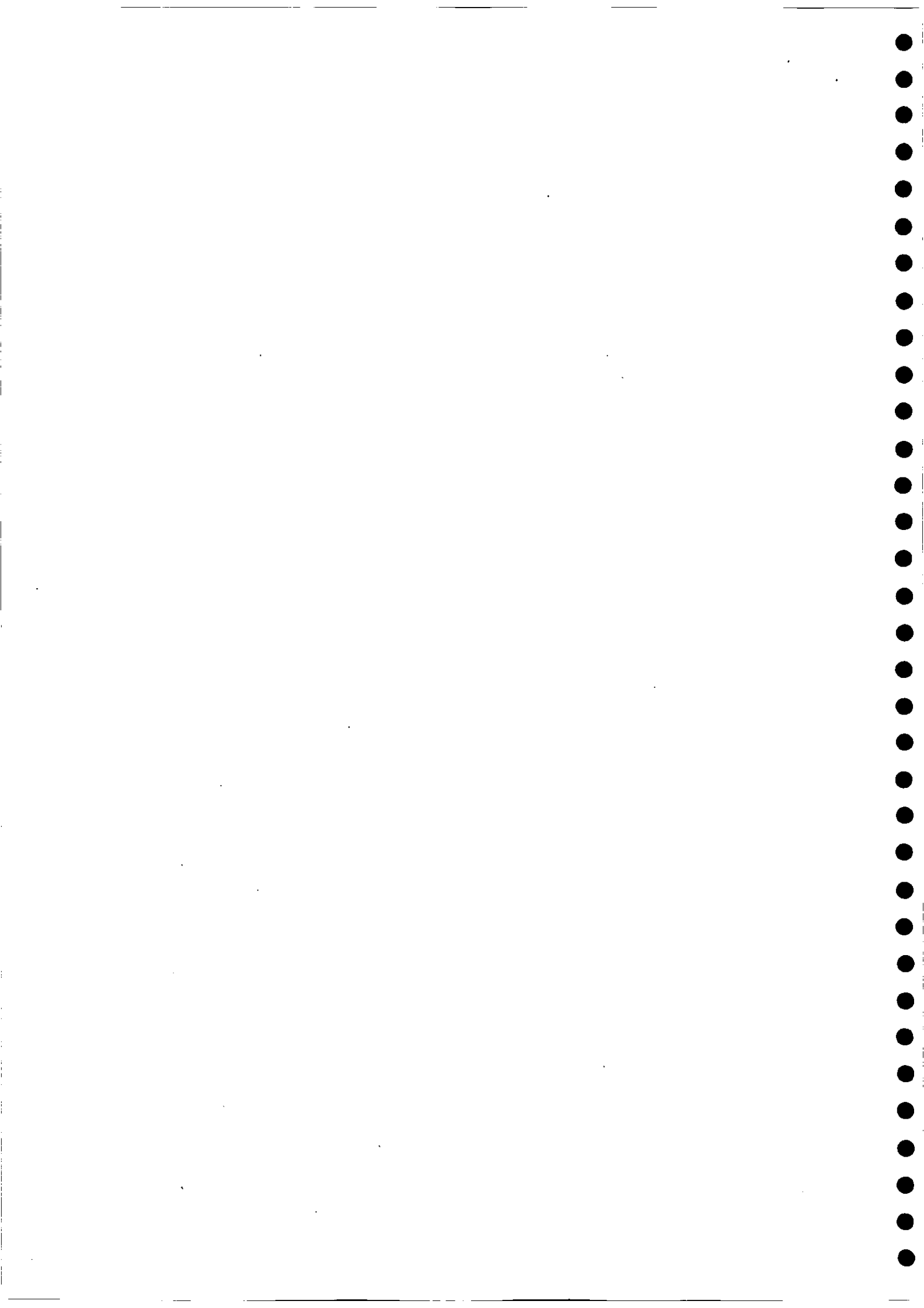
	Shares in group undertakings £000
<i>Cost</i>	
At 1 October 2007 and 30 September 2008	313

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

	2008 £000	2007 £000
Raw materials	45	31
Components	28	24
Goods for resale	1,924	1,581
	<u>1,997</u>	<u>1,636</u>

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

	2008 £000	2007 £000
Trade debtors	1,290	1,133
Deferred tax asset (see note 13)	5	21
Other debtors	127	93
Prepayments and accrued income	188	84
	<u>1,610</u>	<u>1,331</u>

12 Creditors: Amounts falling due within one year

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Trade creditors	990	690	990	690
Amounts due to subsidiary undertakings	-	-	313	313
Corporation tax	93	71	93	71
Indirect tax and social security liabilities	600	491	600	491
Other creditors	27	26	27	26
Accruals	1,573	1,088	1,573	1,088
	<u>3,283</u>	<u>2,366</u>	<u>3,596</u>	<u>2,679</u>

Notes (continued)

13 Deferred taxation assets

Group and company

The elements of the deferred taxation assets are as follows:

	2008 £000	2007 £000
Difference between accumulated depreciation/amortisation and capital allowances	5	14
Other timing differences	-	7
	<hr/>	<hr/>
Deferred tax asset	5	21
	<hr/>	<hr/>

14 Called up share capital

	Group and company	
	2008 £000	2007 £000
<i>Authorised:</i>		
150,000 ordinary shares of 20p	30	30
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
150,000 ordinary shares of 20p	30	30
	<hr/>	<hr/>

15 Reserves

	Group and company	
	2008 £000	2007 £000
Profit and loss account		
At beginning of year	2,319	2,174
Profit for the year	255	187
Dividends	(60)	(42)
	<hr/>	<hr/>
At end of year	2,514	2,319
	<hr/>	<hr/>



Notes (continued)

16 Reconciliation of movements in shareholders' funds

Group and company	2008 £000	2007 £000
Opening shareholders' funds	2,349	2,204
Profit for the financial year	255	187
Dividends	(60)	(42)
	<hr/>	<hr/>
Closing shareholders' funds	2,544	2,349
	<hr/>	<hr/>

17 Pension costs

Contributions paid in respect of the Land Machinery Limited personal pension scheme were £62,000 (2007: £55,000). Contributions outstanding at 30 September 2008 amounted to £nil (2007: £8,000)

18 Capital commitments

Group and company

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

	2008 £000	2007 £000
Authorised by the directors and contracted for	-	6
	<hr/>	<hr/>
Authorised by the directors and not contracted for	8	-
	<hr/>	<hr/>

19 Operating leases

Group and company

Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	9	-	16
In the second to fifth years inclusive	92	70	92	42
	<hr/>	<hr/>	<hr/>	<hr/>
	92	79	92	58
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

20 Analysis of cash flows

	2008		2007	
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Interest received	96		38	
Interest paid	(82)		(54)	
	<u> </u>	14	<u> </u>	(16)
		<u> </u>		<u> </u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(36)		(19)	
Sale of tangible fixed assets	3		3	
	<u> </u>	(33)	<u> </u>	(16)
		<u> </u>		<u> </u>

21 Reconciliation of net cash flow

	2008	2007
	£000	£000
Opening cash at bank and in hand	1,694	979
Movement in cash resources per cash flow statement	462	715
	<u> </u>	<u> </u>
Closing cash at bank and in hand	2,156	1,694
	<u> </u>	<u> </u>

22 Reconciliation of net debt

	At 1 October 2007	Cash flow	At 30 September 2008
	£000	£000	£000
Cash at bank and in hand	1,694	462	2,156
	<u> </u>	<u> </u>	<u> </u>
Total	1,694	462	2,156
	<u> </u>	<u> </u>	<u> </u>

Notes *(continued)*

23 Related party disclosures

The group had the following transactions with IAM Agricultural Machinery Ltd

	2008 £000	2007 £000
Sales	65	108
Amounts owed to Land Machinery at the period end	10	38

During the year approximately 24 days (*2007: 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.

24 Post balance sheet events

On 1 October 2008, by mutual consent, the Company transferred the distribution of the JF-Stoll grassland products to a subsidiary of the manufacturer. The stock was transferred at cost resulting in no profit or loss on disposal.

