Land Machinery Limited

Directors' report and consolidated financial statements

Registered number 447678

30 September 2009

Contents

Directors' report

The directors of Land Machinery Limited present their annual report and the audited financial statements for the year ended 30 September 2009

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

The reduction in turnover is due to the Company's decision to focus on its main Pottinger business and to relinquish the JF-Stoll grassland franchise Like for like sales were comparable to 2008

Despite the difficult market conditions and the weakening in the value of sterling against the Euro, the Company reported a welcome increase in gross profit margins

The Company reduced its overhead costs by 24% and overall profitability is considered satisfactory in the light of the prevailing market conditions

Key risks and uncertainties

There was a significant fall in agricultural commodity prices in 2009 However, reductions in farm incomes were contained on average to 8%, cushioned by the fall in the value of sterling and the related uplift in farm subsidy payment

The outlook for sterling remains uncertain and further weakening will impact on imported equipment prices This may affect the investment plans of some farmers and contractors Current forecasts for 2010 are for agricultural equipment sales to be at similar levels to 2009

Business review

The Company continue to investigate the acquisition of additional machinery franchises to complement the existing brands

The Company's Balance Sheet remains strong and there are adequate cash resources and facilities available to finance increases in business levels

Company results and dividends

The financial statements for the year ended 30 September 2009 show profit before tax of £170,000 *(2008 £365,000)* on turnover of £8,379,000 *(2008 £12,637,000)* There is a profit on ordinary activities after taxation for the period of £124,000 *(2008 £255,000)*

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2009 of £75,000 *(2008* £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

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 £400

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

SM Metcalfe
Secretary

Redlake Trading Estate
Ivybridge
Devon
PL21 0EZ

29 January 2010

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006 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

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 financial statements (the "financial statements") of Land Machinery Limited for the year ended 30 September 2009 set out on pages 6 to 19 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the 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/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 financial statements are prepared is consistent with the financial statements

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

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 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

I J. Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Plym House, 3 Longbridge Road, Marsh Mills, Plymouth, PL6 8LT

Date 4 February 2010

Consolidated profit and loss account

year ended 30 September 2009

	Note	2009 £000	2008 £000
Turnover	1	**8,379**	12,637
Cost of sales		**(6,354)**	(9,825)
Gross profit		**2,025**	2,812
Distribution costs		**(773)**	(1,106)
Administrative expenses		**(1,105)**	(1,351)
Operating profit	2	**147**	355
Net interest receivable	5	**23**	10
Profit on ordinary activities before taxation		**170**	365
Taxation on profit on ordinary activities	6	**(46)**	(110)
Profit on ordinary activities after taxation		**124**	255

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 of the activities derive from continuing operations

Balance sheets
at 30 September 2009

	Note	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Fixed assets					
Tangible assets	*8*	**58**	64	**58**	64
Investments	*9*	**-**	-	**313**	313
		58	64	**371**	377
Current assets					
Stocks	*10*	**2,044**	1,997	**2,044**	1,997
Debtors	*11*	**1,113**	1,610	**1,113**	1,610
Cash at bank and in hand		**1,058**	2,156	**1,058**	2,156
		4,215	5,763	**4,215**	5,763
Creditors Amounts falling due within one year	*12*	**(1,755)**	(3,283)	**(2,068)**	(3,596)
Net current assets		**2,460**	2,480	**2,147**	2,167
Total assets less current liabilities		**2,518**	2,544	**2,518**	2,544
Capital and reserves					
Called up share capital	*14*	**30**	30	**30**	30
Profit and loss account	*16*	**2,488**	2,514	**2,488**	2,514
Equity shareholders' funds		**2,518**	2,544	**2,518**	2,544

These financial statements were approved by the board of directors on 29 January 2010 and were signed on its behalf by

DE Jones
Director

SM Metcalfe
Director

Consolidated cash flow statement
for the year ended 30 September 2009

	Note	2009 £000	2008 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		147	355
Depreciation charges		21	30
Profit on sale of fixed assets		(2)	(3)
(Increase) in stocks		(47)	(361)
Decrease/(increase) in debtors		503	(298)
(Decrease)/increase in creditors		(1,444)	890
Net cash (outflow)/inflow from operating activities		(822)	613

Cash flow statement

	Note	2009 £000	2008 £000
Cash (outflow)/inflow from operating activities		(822)	613
Returns on investments and servicing of finance	20	(11)	14
Taxation		(98)	(72)
Capital expenditure and financial investment	20	(17)	(33)
Equity dividends paid	7	(150)	(60)
(Decrease)/increase in cash in the period	21	(1,098)	462

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 2009 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 408 of the Companies Act 2006 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 16

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 £148,000 (*2008 £161,000*)

2 Operating profit

	2009 £000	2008 £000
Operating profit is stated after charging/(crediting)		
Operating lease charges		
Land and buildings	92	92
Motor vehicles, plant and machinery	84	97
Rent received	(4)	(4)
Depreciation of tangible fixed assets – owned	17	29
- leased	4	1
Exchange gains	(15)	(14)
Profit on disposal of fixed assets	(2)	(3)

Auditors' remuneration

	2009 £000	2008 £000
Audit of these financial statements	12	13

Notes *(continued)*

3 Directors' emoluments

	2009 £000	2008 £000
Aggregate emoluments (including expense allowances and benefits in kind but excluding payments to pension schemes)	195	317
Company contributions to money purchase pension scheme	8	6

The aggregate of emoluments of the highest paid director was £71,000 *(2008 £152,000)*, and company pension contributions of £nil *(2008 £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 *(2008 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 2009	2008
Production	6	8
Administration	23	24
Sales and distribution	12	14
	41	46

The aggregate payroll cost was as follows

	2009 £000	2008 £000
Wages and salaries	1,007	1,306
Social security costs	97	124
Other pension costs (note 17)	60	62
	1,164	1,492

Notes *(continued)*

5 Net interest receivable/(payable)

	2009 £000	2008 £000
Interest receivable		
Bank interest receivable	37	92
Suppliers	25	-
	62	92
Interest payable		
On loans repayable within five years	(39)	(64)
Suppliers	-	(18)
	(39)	(82)
Net interest receivable	23	10

6 Taxation on profit on ordinary activities

Analysis of charge in period	2009 £000	2008 £000
UK Corporation Tax		
Current tax on income for the period	48	93
Under provision re prior year	5	1
Total current tax	53	94
Deferred tax (see note 13)	(7)	16
	46	110

Notes *(continued)*

6 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*2008 lower)* than the main rate of corporation tax in the UK 28% (*2008 29%*) The differences are explained below

	2009 £000	2008 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**170**	365
Current tax at 28% *(2008 29 %)*	**48**	106
Effects of		
Expenses not deductible for tax purposes	**8**	10
Capital allowances in excess of depreciation	**(1)**	(8)
Origination/reversal of timing differences	**3**	(7)
Adjustment to tax charge in respect of previous periods	**5**	1
Impact of differing tax rates	**(10)**	(8)
Total current tax charge	**53**	94

7 Dividends

	2009 £000	2008 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	**150**	60

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2009 of £75,000 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 £000	Plant and machinery £000	Motor vehicles, fixtures, fittings and equipment £000	Total £000
Cost or valuation				
At beginning of year	16	163	588	767
Additions	8	1	6	15
Disposals	-	-	(7)	(7)
At end of year	24	164	587	775
Depreciation				
At beginning of year	10	121	572	703
Charge for the year	4	7	10	21
Disposals	-	-	(7)	(7)
At end of year	14	128	575	717
Net book value				
At 30 September 2009	**10**	**36**	**12**	**58**
At 30 September 2008	6	42	16	64

9 Investments

Company

	Shares in group undertakings £000
Cost	
At 1 October 2008 and 30 September 2009	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

	2009 £000	2008 £000
Raw materials	37	45
Work in progress	6	-
Components	20	28
Goods for resale	1,981	1,924
	2,044	1,997

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

	2009 £000	2008 £000
Trade debtors	944	1,290
Deferred tax asset (see note 13)	12	5
Other debtors	58	127
Prepayments and accrued income	99	188
	1,113	1,610

12 Creditors: Amounts falling due within one year

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade creditors	982	990	982	990
Amounts due to subsidiary undertakings	-	-	313	313
Corporation tax	48	93	48	93
Indirect tax and social security liabilities	318	600	318	600
Other creditors	10	27	10	27
Accruals	397	1,573	397	1,573
	1,755	3,283	2,068	3,596

Notes *(continued)*

13 Deferred taxation assets

Group and company

The elements of the deferred taxation assets are as follows

	2009 £000	2008 £000
Difference between accumulated depreciation/amortisation and capital allowances	4	5
Short term timing differences	8	-
Deferred tax asset	12	5

14 Called up share capital

	Company	
	2009 £000	2008 £000
Authorised		
150,000 ordinary shares of 20p	30	30
Allotted, called up and fully paid		
150,000 ordinary shares of 20p	30	30

15 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	124	255
Dividends	(150)	(60)
Net [reduction in]/addition to shareholders' funds	(26)	195
Opening shareholders' funds	2,544	2,349
Closing shareholders' funds	2,518	2,544

Notes *(continued)*

16 Reserves

	Group and company	
	2009	2008
	£000	£000
Profit and loss account		
At beginning of year	**2,514**	2,319
Profit for the year	**124**	255
Dividends	**(150)**	(60)
At end of year	**2,488**	2,514

17 Pension costs

Contributions paid in respect of the Land Machinery Limited personal pension scheme were £60,000 *(2008 £62,000)* Contributions outstanding at 30 September 2009 amounted to £nil *(2008 £ nil)*

18 Capital commitments

Group and company

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

	2009	2008
	£000	£000
Authorised by the directors and contracted for	-	-
Authorised by the directors and not contracted for	-	8

19 Operating leases

Group and company

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire				
Within one year	-	**12**	-	9
In the second to fifth years inclusive	92	71	92	70
	92	83	92	79

Notes *(continued)*

20 Analysis of cash flows

	2009 £000	2008 £000
Returns on investment and servicing of finance		
Interest received	38	96
Interest paid	(49)	(82)
	(11)	14
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(19)	(36)
Sale of tangible fixed assets	2	3
	(17)	(33)

21 Reconciliation of net cash flow

	2009 £000	2008 £000
Opening cash at bank and in hand	2,156	1 694
Movement in cash resources per cash flow statement	(1,098)	462
Closing cash at bank and in hand	1,058	2,156

22 Reconciliation of net debt

	At 1 October 2008 £000	Cash flow £000	At 30 September 2009 £000
Cash at bank and in hand	2,156	(1,098)	**1,058**
Total	2,156	(1,098)	**1,058**

Notes *(continued)*

23 Related party disclosures

The group had the following transactions with IAM Agricultural Machinery Ltd

	2009 £000	2008 £000
Sales	57	65
Amounts owed to Land Machinery at the period end	Nil	10

During the year approximately 24 days *(2008 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 Fair value of assets and liabilities

The Company has derivative financial instruments that, in accordance with FRS 25, it has not recognised at fair value in the financial statements Details of these financial instruments are as follows

The Company hedges against the impact of foreign exchange rate movements There were four derivatives in use at the year end, all were forward contracts to buy a total of €765,000 at a cost of £656,000 (2008 four forward contracts for €970,000 at a cost of £768,000) Using the year end exchange rate these contracts show a surplus over the contracted cost of £43,000 (2008 deficit of £4,000) After matching the contracts against the Company's liabilities denominated in a foreign currency, in accordance with the foreign exchange translation accounting policy given in note 1, a gain of £15,000 (2008 £4,000 gain) has been recognised in the profit and loss account