

Land Machinery Limited

Directors' report and consolidated
financial statements

Registered number 447678

30 September 2010

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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 2010

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

Farm incomes reduced by over 10% in 2010 and while market share was maintained turnover reduced during the year under review due to the contraction of the market in which the Company operates

Gross profit margin improved and overhead costs were reduced and consequently the Company's operating profit was only slightly below that earned the previous year

Key risks and uncertainties

The aftermath of the worldwide recession and credit restrictions continue to cause uncertainty in the market place. This leads to reluctance on the part of farmers and agricultural contractors to commit to investment in new machinery

Fluctuations in the value of sterling affect both the cost of imported machinery and the value of the support received by farmers from the European Union. Exchange rate movements are closely monitored to guard against adverse effects of these fluctuations

Business review

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

The Company's Balance Sheet remains strong and there are adequate cash resources and facilities available to finance an increased level of business activity

Results and dividends

The consolidated financial statements for the year ended 30 September 2010 show profit before tax of £106,000 (2009 £170,000) on turnover of £7,268,000 (2009 £8,379,000). There is a profit on ordinary activities after taxation for the year of £76,000 (2009 £124,000)

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2010 of £75,000 (2009 £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

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 21 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

28/01/2011

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 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 of Land Machinery Limited for the year ended 30 September 2010 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 2010 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

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Date 28 January 2011

Consolidated profit and loss account
year ended 30 September 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	<i>1</i>	7,268	8 379
Cost of sales		(5,454)	(6 354)
Gross profit		1,814	2 025
Distribution costs		(720)	(773)
Administrative expenses		(977)	(1 105)
Operating profit	<i>2</i>	117	147
Net interest (payable)/receivable	<i>5</i>	(11)	23
Profit on ordinary activities before taxation		106	170
Taxation on profit on ordinary activities	<i>6</i>	(30)	(46)
Profit on ordinary activities after taxation		76	124

The group has no recognised gains and losses other than the profit for the year

All of the activities derive from continuing operations

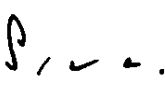
Balance sheets
at 30 September 2010

	<i>Note</i>	Group		Company	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	8	56	58	56	58
Investments	9	-	-	313	313
		<u>56</u>	<u>58</u>	<u>369</u>	<u>371</u>
Current assets					
Stocks	10	2,661	2 044	2,661	2 044
Debtors	11	923	1 113	923	1 113
Cash at bank and in hand		393	1 058	393	1 058
		<u>3,977</u>	<u>4 215</u>	<u>3,977</u>	<u>4 215</u>
Creditors – amounts falling due within one year	12	<u>(1,514)</u>	<u>(1 755)</u>	<u>(1,827)</u>	<u>(2 068)</u>
Net current assets		<u>2,463</u>	<u>2 460</u>	<u>2,150</u>	<u>2 147</u>
Total assets less current liabilities		<u>2,519</u>	<u>2 518</u>	<u>2,519</u>	<u>2 518</u>
Capital and reserves					
Called up share capital	14	30	30	30	30
Profit and loss account	16	2,489	2 488	2,489	2 488
Equity shareholders' funds		<u>2,519</u>	<u>2 518</u>	<u>2,519</u>	<u>2 518</u>

The notes on pages 9 to 19 form part of these financial statements

These financial statements were approved by the board of directors on 28 January 2011 and were signed on its behalf by


DE Jones
Director


SM Metcalfe
Director

Company registered number 447678

Consolidated cash flow statement
for the year ended 30 September 2010

	<i>Note</i>	2010 £000	2009 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		117	147
Depreciation charges		17	21
Profit on sale of fixed assets		(1)	(2)
Increase in stocks		(617)	(47)
Decrease in debtors		180	503
Decrease in creditors		(200)	(1 444)
Net cash outflow from operating activities		(504)	(822)

Cash flow statement

Cash outflow from operating activities		(504)	(822)
Returns on investments and servicing of finance	19	(22)	(11)
Taxation		(48)	(98)
Capital expenditure and financial investment	19	(16)	(17)
Equity dividends paid	7	(75)	(150)
Decrease in cash in the period	20	(665)	(1,098)

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 2010. 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.

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.

Notes (continued)

3 Directors' emoluments

	2010 £000	2009 £000
Aggregate emoluments (including expense allowances and benefits in kind but excluding payments to pension schemes)	161	195
Company contributions to money purchase pension scheme	8	8

The aggregate of emoluments of the highest paid director was £55,000 (2009 £71,000), and company pension contributions of £5,000 (2009 £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 (2009 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	
	2010	2009
Production	5	6
Administration	23	23
Sales and distribution	10	12
	<u>38</u>	<u>41</u>

The aggregate payroll cost was as follows:

	2010 £000	2009 £000
Wages and salaries	831	1,007
Social security costs	80	97
Other pension costs (note 17)	52	60
	<u>963</u>	<u>1,164</u>

Notes *(continued)*

5 Net interest (payable)/receivable

	2010 £000	2009 £000
Interest receivable		
Bank interest receivable	13	37
Suppliers	-	25
	<u>13</u>	<u>62</u>
Interest payable		
On loans repayable within five years	(22)	(39)
Suppliers	(2)	-
	<u>(24)</u>	<u>(39)</u>
Net interest (payable)/receivable	<u>(11)</u>	<u>23</u>

6 Taxation on profit on ordinary activities

<i>Analysis of change in period</i>	2010 £000	2009 £000
<i>UK Corporation Tax</i>		
Current tax on income for the year	21	48
Under provision in relation to prior year	-	5
	<u>21</u>	<u>53</u>
Total current tax	21	53
Deferred tax (see note 13)	9	(7)
	<u>30</u>	<u>46</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 *higher*) than the main rate of corporation tax in the UK 21 % (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	106	170
Current tax at 21 % (2009 28 %)	22	48
<i>Effects of</i>		
Expenses not deductible for tax purposes	5	8
Capital allowances in excess of depreciation	(3)	(1)
Origination/reversal of timing differences	(3)	3
Adjustment to tax charge in respect of previous periods	-	5
Impact of differing tax rates	-	(10)
Total current tax charge	21	53

7 Dividends

	2010 £000	2009 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	75	150

The Board of Directors proposes a final dividend on profits for the year ended 30 September 2010 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	Plant and machinery	Motor vehicles, fixtures, fittings and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At beginning of year	24	164	587	775
Additions	1	13	1	15
Disposals	-	-	(2)	(2)
At end of year	25	177	586	788
Depreciation				
At beginning of year	14	128	575	717
Charge for the year	5	6	6	17
Disposals	-	-	(2)	(2)
At end of year	19	134	579	732
Net book value				
At 30 September 2010	6	43	7	56
At 30 September 2009	10	36	12	58

9 Investments

Company

	Shares in group undertakings £000
Cost	
At 1 October 2009 and 30 September 2010	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

	2010 £000	2009 £000
Raw materials	34	37
Work in progress	5	6
Components	22	20
Goods for resale	2,600	1,981
	<u>2,661</u>	<u>2,044</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

	2010 £000	2009 £000
Trade debtors	765	944
Deferred tax asset (see note 13)	3	12
Other debtors	84	58
Prepayments and accrued income	71	99
	<u>923</u>	<u>1,113</u>

12 Creditors: Amounts falling due within one year

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade creditors	858	982	858	982
Amounts due to subsidiary undertakings	-	-	313	313
Corporation tax	21	48	21	48
Indirect tax and social security liabilities	215	318	215	318
Other creditors	-	10	-	10
Accruals	420	397	420	397
	<u>1,514</u>	<u>1,755</u>	<u>1,827</u>	<u>2,068</u>

Notes (continued)

13 Deferred taxation assets

Group and company

The elements of the deferred taxation assets are as follows

	2010 £000	2009 £000
Difference between accumulated depreciation/amortisation and capital allowances	-	4
Short term timing differences	3	8
	<hr/>	<hr/>
Deferred tax asset	3	12
	<hr/>	<hr/>

The Emergency Budget on 22 June 2010 announced that the main UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the main UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly.

14 Called up share capital

	2010 £000	Company 2009 £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 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit for the financial year	76	124
Dividends	(75)	(150)
	<hr/>	<hr/>
Net addition to / (reduction in) shareholders' funds	1	(26)
Opening shareholders' funds	2,518	2,544
	<hr/>	<hr/>
Closing shareholders' funds	2,519	2,518
	<hr/>	<hr/>

Notes (continued)

16 Reserves

	Group and company	
	2010 £000	2009 £000
Profit and loss account		
At beginning of year	2,488	2,514
Profit for the year	76	124
Dividends	(75)	(150)
At end of year	2,489	2,488

17 Pension costs

Contributions paid in respect of the Land Machinery Limited personal pension scheme were £52,000 (2009 £60,000). Contributions outstanding at 30 September 2010 amounted to £nil (2009 £nil).

18 Operating leases

Group and company

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	15	-	12
In the second to fifth years inclusive	92	56	92	71
	<u>92</u>	<u>71</u>	<u>92</u>	<u>83</u>

Notes (continued)

19 Analysis of cash flows

	2010 £000	2009 £000
Returns on investment and servicing of finance		
Interest received	14	38
Interest paid	(36)	(49)
	<u>(22)</u>	<u>(11)</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17)	(19)
Sale of tangible fixed assets	1	2
	<u>(16)</u>	<u>(17)</u>

20 Reconciliation of net cash flow

	2010 £000	2009 £000
Opening cash at bank and in hand	1,058	2 156
Movement in cash resources per cash flow statement	(665)	(1 098)
	<u>393</u>	<u>1 058</u>

21 Related party disclosures

The group had the following transactions with IAM Agricultural Machinery Ltd

	2010 £000	2009 £000
Sales	47	57
Amounts owed to Land Machinery at the period end	15	Nil

During the year approximately 24 days (2009 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.

Notes *(continued)*

22 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 six derivatives in use at the year end: all were forward contracts to buy a total of €1,750,000 at a cost of £1,464,000 (2009: four forward contracts for €765,000 at a cost of £656,000). Using the year end exchange rate, these contracts show a surplus over the contracted cost of £52,000 (2009: surplus of £43,000). 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 £28,000 (2009: £15,000 gain) has been recognised in the profit and loss account.