
financial statements

Magnolia Group Limited

For the period ended 30 December 2012

Company registration number 00430745



MHA MacIntyre Hudson
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Magnolia Group Limited

Financial Statements

Period from 2 January 2012 to 30 December 2012

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Magnolia Group Limited

Officers and Professional Advisers

The Board of Directors

Ralph B Goodson
Andrew Van Pelt

Company Secretary

Deborah Fraser

Registered Office

2 Wolseley Road
Woburn Road Industrial Estate
Kempston
Bedfordshire
MK42 7AD

Auditor

MHA MacIntyre Hudson
Chartered Accountants
& Statutory Auditor
Equipoise House
Grove Place
Bedford
MK40 3LE

Magnolia Group Limited

The Directors' Report

Period from 2 January 2012 to 30 December 2012

The directors have pleasure in presenting their report and the financial statements of the company for the period from 2 January 2012 to 30 December 2012

Principal activity

The principal activity of the company continues to be that of a non-trading company

Results and dividends

The loss for the period amounted to £500,000 The directors have not recommended a dividend

Directors

The directors who served the company during the period were as follows

Ralph B Goodson
Stephen E McKenzie
Andrew Van Pelt

Andrew Van Pelt was appointed as a director on 5 March 2012

Stephen E McKenzie retired as a director on 5 March 2012

Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 company and of the profit or loss of the company for that period In preparing those 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 company will continue in business

Magnolia Group Limited

The Directors' Report *(continued)*

Period from 2 January 2012 to 30 December 2012

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

MHA MacIntyre Hudson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office
2 Wolseley Road
Woburn Road Industrial Estate
Kempston
Bedfordshire
MK42 7AD

Signed on behalf of the directors



Ralph Goodson
Director

Approved by the directors on 19 March 2013

Magnolia Group Limited

Independent Auditor's Report to the Shareholder of Magnolia Group Limited

Period from 2 January 2012 to 30 December 2012

We have audited the financial statements of Magnolia Group Limited for the period from 2 January 2012 to 30 December 2012 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 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 and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 December 2012 and of its result for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Magnolia Group Limited

Independent Auditor's Report to the Shareholder of Magnolia Group Limited *(continued)*

Period from 2 January 2012 to 30 December 2012

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



ATUL KARIYA FCCA (Senior Statutory Auditor)

For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor
Equipoise House
Grove Place
Bedford
MK40 3LE

Date *19 March 2013*

Magnolia Group Limited

Profit and Loss Account

Period from 2 January 2012 to 30 December 2012

	Note	Period from 2 Jan 12 to 30 Dec 12 £000	Period from 3 Jan 11 to 1 Jan 12 £000
Turnover		—	—
Exceptional item	2	(500)	—
Operating loss, being loss on ordinary activities before taxation		(500)	—
Tax on loss on ordinary activities		—	—
Loss on ordinary activities after taxation, being loss for the financial period		(500)	—

All of the activities of the company are classed as activities discontinued from previous period

The company has no recognised gains or losses other than the results for the period as set out above

The accounting policies and notes on pages 8 to 11 form part of these financial statements

Magnolia Group Limited

Company Registration Number: 00430745

Balance Sheet

30 December 2012

	Note	30 Dec 12		1 Jan 12
		£000	£000	£000
Current assets				
Debtors	3	2,796		2,796
Creditors, amounts falling due within one year	4	(2,086)		(1,586)
Net current assets			710	1,210
Total assets less current liabilities			710	1,210
Capital and reserves				
Called-up equity share capital	7		574	574
Share premium account	8		38	38
Profit and loss account	9		98	598
Shareholder's funds	10		710	1,210

These financial statements were approved by the directors and authorised for issue on 19 March 2013, and are signed on their behalf by



Ralph Goodson
Director

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

Magnolia Group Limited

Accounting Policies

Period from 2 January 2012 to 30 December 2012

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Magnolia Group Limited

Notes to the Financial Statements

Period from 2 January 2012 to 30 December 2012

1. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the period

2. Exceptional item

	Period from 2 Jan 12 to 30 Dec 12 £000	Period from 3 Jan 11 to 1 Jan 12 £000
Provision for potential liability in respect of a pension shortfall	<u>500</u>	<u>—</u>

3 Debtors

	30 Dec 12 £000	1 Jan 12 £000
Amounts owed by group undertakings	<u>2,796</u>	<u>2,796</u>

4. Creditors amounts falling due within one year

	30 Dec 12 £000	1 Jan 12 £000
Amounts owed to group undertakings	1,086	1,086
Accruals and deferred income	<u>1,000</u>	<u>500</u>
	<u>2,086</u>	<u>1,586</u>

The parent company has undertaken not to require repayment of the above balance and continue to provide the company with sufficient financial support to meet its liabilities as they fall due for the foreseeable future

5. Contingencies

The directors have been made aware of a potential liability in respect of a pension shortfall on a defined benefit pension scheme in wind up, where the company was the sponsoring employer. Latest advice indicates that the shortfall amounts to approximately £1,500,000.

The directors have taken legal advice and believe that it is probable that an amount of £1,000,000 may become payable and have accrued this in these financial statements. However, the directors intend to vigorously defend against any claim.

The directors believe it is unlikely that any claim made against the company for the remaining £500,000 will be successful. Therefore, and in accordance with Financial Reporting Standard 12 "Provisions, contingent liabilities and assets", it has not been provided for in these financial statements.

Magnolia Group Limited

Notes to the Financial Statements

Period from 2 January 2012 to 30 December 2012

6. Related party transactions

As a subsidiary undertaking of Berkshire Hathaway Inc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with other members of the group headed by Berkshire Hathaway Inc. Transactions with other group companies are not disclosed since the ultimate parent company has prepared consolidated financial statements which are publicly available.

7. Share capital

Authorised share capital.

	30 Dec 12 £000	1 Jan 12 £000
6,500,000 Ordinary shares of £0.10 each	<u>650</u>	<u>650</u>

Allotted, called up and fully paid.

	30 Dec 12 No	£000	1 Jan 12 No	£000
5,737,207 Ordinary shares of £0.10 each	<u>5,737,207</u>	<u>574</u>	<u>5,737,207</u>	<u>574</u>

8. Share premium account

There was no movement on the share premium account during the financial period.

9. Profit and loss account

	Period from 2 Jan 12 to 30 Dec 12 £000	Period from 3 Jan 11 to 1 Jan 12 £000
Balance brought forward	598	598
Loss for the financial period	(500)	—
Balance carried forward	<u>98</u>	<u>598</u>

10. Reconciliation of movements in shareholder's funds

	30 Dec 12 £000	1 Jan 12 £000
Loss for the financial period	(500)	—
Opening shareholder's funds	<u>1,210</u>	<u>1,210</u>
Closing shareholder's funds	<u>710</u>	<u>1,210</u>

11. Ultimate parent company

Berkshire Hathaway Inc, a company incorporated in the USA, is the controlling party and ultimate parent undertaking of the largest group of which Magnolia Group Limited is a member and for which group

Magnolia Group Limited

Notes to the Financial Statements

Period from 2 January 2012 to 30 December 2012

financial statements are drawn up. The principal place of business of Berkshire Hathaway Inc. is 1440 Kiewit Plaza, Omaha, Nebraska 68131, USA. The financial statements of the group are available to the public from this address.