

financial statements

Magnolia Group Limited

For the period ended 28 December 2008

Company registration number: 0430745

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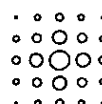
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Magnolia Group Limited

Financial Statements

52 weeks from 31 December 2007 to 28 December 2008

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Magnolia Group Limited

Officers and Professional Advisers

The Board of Directors

R B Goodson
S E McKenzie

Company Secretary

D M Matthews

Registered Office

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

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Registered Auditors
Equipoise House
Grove Place
Bedford
MK40 3LE

Magnolia Group Limited

The Directors' Report

52 weeks from 31 December 2007 to 28 December 2008

The directors have pleasure in presenting their report and the financial statements of the company for the 52 weeks from 31 December 2007 to 28 December 2008.

Principal activity

The principal activity of the company continues to be that of a dormant company.

Results and dividends

The loss for the 52 weeks amounted to £180,000. The directors have not recommended a dividend.

Directors

The directors who served the company during the 52 weeks were as follows:

R B Goodson
S E McKenzie

Auditor

A resolution to re-appoint MacIntyre Hudson LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

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

Signed on behalf of the directors



R B Goodson
Director

Approved by the directors on 19 March 2009

Magnolia Group Limited

Statement of Directors' Responsibilities

52 weeks from 31 December 2007 to 28 December 2008

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Magnolia Group Limited

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

52 weeks from 31 December 2007 to 28 December 2008

We have audited the financial statements of Magnolia Group Limited for the 52 weeks from 31 December 2007 to 28 December 2008 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholder, 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 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

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

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Magnolia Group Limited

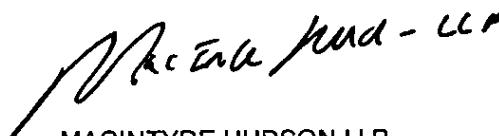
Independent Auditor's Report to the Shareholder of Magnolia Group Limited *(continued)*

52 weeks from 31 December 2007 to 28 December 2008

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2008 and of its loss for the 52 weeks 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.



MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditors

Equipoise House
Grove Place
Bedford
MK40 3LE

Date: 19 March 2009

Magnolia Group Limited

Profit and Loss Account

52 weeks from 31 December 2007 to 28 December 2008

	Note	Period from 31 Dec 07 to 28 Dec 08 £000	Period from 1 Jan 07 to 30 Dec 07 £000
Turnover		—	—
Administrative expenses		180	—
Operating loss, being loss on ordinary activities before taxation		(180)	—
Tax on loss on ordinary activities		—	—
Loss on ordinary activities after taxation, being loss for the financial 52 weeks		(180)	—

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the 52 weeks as set out above.

The accounting policies and notes on pages 8 to 10 form part of these financial statements.

Magnolia Group Limited

Company Registration No: 0430745

Balance Sheet

28 December 2008

	Note	28 Dec 08 £000	30 Dec 07 £000
Current assets			
Debtors	2	2,796	2,796
Creditors: amounts falling due within one year	3	<u>1,266</u>	<u>1,086</u>
Net current assets			<u>1,710</u>
Total assets less current liabilities		<u>1,530</u>	<u>1,710</u>
Capital and reserves			
Called-up equity share capital	6	574	574
Share premium account	7	38	38
Profit and loss account	8	<u>918</u>	<u>1,098</u>
Shareholder's funds	9	<u>1,530</u>	<u>1,710</u>

These financial statements were approved by the directors and authorised for issue on 19 March 2009, and are signed on their behalf by:



R B Goodson
Director

The accounting policies and notes on pages 8 to 10 form part of these financial statements.

Magnolia Group Limited

Accounting Policies

52 weeks from 31 December 2007 to 28 December 2008

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

52 weeks from 31 December 2007 to 28 December 2008

1. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the 52 weeks.

2. Debtors

	28 Dec 08 £000	30 Dec 07 £000
Amounts owed by group undertakings	<u>2,796</u>	<u>2,796</u>

3. Creditors: amounts falling due within one year

	28 Dec 08 £000	30 Dec 07 £000
Amounts owed to group undertakings	1,086	1,086
Accruals and deferred income	<u>180</u>	<u>-</u>
	<u>1,266</u>	<u>1,086</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.

4. 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, which this company was the sponsoring employer. The shortfall amounts to £955,000.

The directors have taken legal advice and believe that it is probable that an amount of £180,000 will become payable, which has been provided for in these financial statements.

The directors believe it is unlikely that any claim made against the company, for the remaining £775,000 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.

5. Related party transactions

As a subsidiary undertaking of Berkshire Hathaway Inc, the company have taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" 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.

Magnolia Group Limited

Notes to the Financial Statements

52 weeks from 31 December 2007 to 28 December 2008

6. Share capital

Authorised share capital:

	28 Dec 08 £000	30 Dec 07 £000
6,500,000 Ordinary shares of £0.10 each	<u>650</u>	<u>650</u>

Allotted, called up and fully paid:

	28 Dec 08		30 Dec 07	
	No	£000	No	£000
Ordinary shares of £0.10 each	<u>5,737,207</u>	<u>574</u>	<u>5,737,207</u>	<u>574</u>

7. Share premium account

There was no movement on the share premium account during the financial 52 weeks.

8. Profit and loss account

	Period from 31 Dec 07 to 28 Dec 08 £000	Period from 1 Jan 07 to 30 Dec 07 £000
Balance brought forward	1,098	1,098
Loss for the financial 52 weeks	<u>(180)</u>	<u>-</u>
Balance carried forward	<u>£918</u>	<u>1,098</u>

9. Reconciliation of movements in shareholder's funds

	28 Dec 08 £000	30 Dec 07 £000
Loss for the financial 52 weeks	(180)	-
Opening shareholder's funds	<u>1,710</u>	<u>1,710</u>
Closing shareholder's funds	<u>1,530</u>	<u>1,710</u>

10. Ultimate parent company

Berkshire Hathaway Inc, a company incorporated in the USA, is the controlling party and ultimate parent undertaking. The principal place of business of Berkshire Hathaway is 1440 Kiewit Plaza, Omaha, Nebraska 68121, USA. The financial statements of the group are available to the public from this address.