

Company Registration No. 00491211 (England and Wales)

AGRICULTURAL MACHINERY (NANTWICH) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2011

WEDNESDAY



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AGRICULTURAL MACHINERY (NANTWICH) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | R C Hughes S A Cornthwaite J E Ashe N J Worthington [Appointed 24 November 2010] |
| Secretary | J E Ashe |
| Company number | 00491211 |
| Registered office | Millstone Lane Nantwich Cheshire CW5 5PJ |
| Auditors | RSM Tenon Audit Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP |
| Business address | Millstone Lane Nantwich Cheshire CW5 5PJ |
| Bankers | Royal Bank of Scotland Plc 97 Fishergate Preston Lancashire PR1 2DP |
| Solicitors | Baines Wilson 2 Merchants Drive Carlisle Cumbria CA3 0JW |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Directors' report | 1 - 3 |
| Independent auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the cash flow statement | 8 |
| Notes to the financial statements | 9 - 18 |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

The directors present their report and financial statements for the year ended 28 February 2011

Principal activities and review of the business

The principal activity of the company continued to be that of the supply of new and used agricultural machinery, together with the ancillary services of repair, maintenance and supply of spare parts

The results for the year ended 28 February 2011 are considered to be satisfactory

The principal risks and uncertainties that face the company are considered to be the state of the agricultural industry as a whole within the country and the competition within that market

The John Deere marque has enjoyed strong performance over the last few years and whilst maintaining market share will be a challenge, the directors believe that the commitment to developing staff and setting up a robust management structure will enable the business to mitigate, as far as is possible, the risks and uncertainties detailed above

The key performance indicators of the business are turnover, gross profit and asset turnover, all of which are monitored on a regular basis

Results and dividends

The results for the period are set out on page 5

An interim dividend of £39.02 per share was paid on 1 February 2011

The directors do not recommend the payment of any further dividend

Future developments

The directors intend to explore any future opportunities to expand the company's customer base or its activities

Directors

The following directors held office during the period

R C Hughes

S A Cornthwaite

J E Ashe

N J Worthington [Appointed 24 November 2010]

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial period

Auditors

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

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, and
- 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 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, individually, 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

Statement of disclosure to auditor

The directors confirm so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all steps that they ought to have taken as a director of the company to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information

Registered Office
Millstone Lane
Nantwich
Cheshire
CW5 5PJ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'J E Ashe', with a horizontal line above the first few letters.

J E Ashe
Company Secretary

27 May 2011

AGRICULTURAL MACHINERY (NANTWICH) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AGRICULTURAL MACHINERY (NANTWICH)
FOR THE YEAR ENDED 28 FEBRUARY 2011

We have audited the financial statements of Agricultural Machinery (Nantwich) Limited for the year ended 28 February 2011 on pages 5 to 18. 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 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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.

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 28 February 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

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.

Kevin Duffy, Senior Statutory Auditor

For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited

Statutory Auditor

Sumner House

St Thomas's Road

Chorley

Lancashire

PR7 1HP

Date 27 5 11

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED ENDED 28 FEBRUARY 2011

| | Notes | Year Ended 28.02.2011 £ | Period 08.03.2009 to 28.02.2010 £ |
|--|-----------|----------------------------------|---|
| Turnover | 2 | 15,743,316 | 12,872,697 |
| Cost of sales | | (14,697,237) | (11,787,681) |
| Gross profit | | 1,046,079 | 1,085,016 |
| Distribution costs | | (466,259) | (356,706) |
| Administrative expenses | | (540,949) | (534,524) |
| Other operating income | | 216,682 | 207,235 |
| Operating profit | 3 | 255,553 | 401,021 |
| Interest payable and similar charges | 4 | (26,007) | (5,985) |
| Profit on ordinary activities before taxation | | 229,546 | 395,036 |
| Tax on profit on ordinary activities | 5 | (47,538) | (105,732) |
| Profit for the year | 16 | 182,008 | 289,304 |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

BALANCE SHEET

AS AT 28 FEBRUARY 2011

| | | 2011 | | 2010 | |
|--|-------|-------------|-----------|-------------|-----------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 7 | | 119,297 | | 115,758 |
| Current Assets | | | | | |
| Stocks | 8 | 3,388,460 | | 3,344,053 | |
| Debtors | 9 | 2,754,568 | | 2,977,628 | |
| Cash at bank and in hand | | 414 | | 114 | |
| | | | | | |
| | | 6,143,442 | | 6,321,795 | |
| Creditors: amounts falling due within one year | 10 | (3,784,023) | | (3,944,188) | |
| Net current assets | | | 2,359,419 | | 2,377,607 |
| Total assets less current liabilities | | | 2,478,716 | | 2,493,365 |
| Creditors: amounts falling due after more than one year | 11 | | (34,290) | | (39,132) |
| Provisions for liabilities and charges | 13 | | (8,835) | | (650) |
| | | | 2,435,591 | | 2,453,583 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 5,125 | | 5,125 |
| Capital redemption reserve | 15 | | 5,125 | | 5,125 |
| Profit and loss account | 16 | | 2,425,341 | | 2,443,333 |
| Shareholders' funds | 17 | | 2,435,591 | | 2,453,583 |

The financial statements were approved by the Board on 27 May 2011



J E Ashe
Director

Company No. 00491211

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2011

| | Year Ended 28.02.2011 £ | £ | Period 08.03.2009 to 28.02.2010 £ | £ |
|---|-------------------------------|-----------|--|-----------|
| Net cash inflow/(outflow) from operating activities | | 261,112 | | (351,426) |
| Returns on investments and servicing of finance | | | | |
| Interest paid | (22,314) | | (3,496) | |
| Interest element of hire purchase contracts | (3,693) | | (2,489) | |
| Net cash outflow for returns on investments and servicing of finance | | (26,007) | | (5,985) |
| Taxation | | (105,000) | | (88,049) |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (9,176) | | (42,141) | |
| Net cash outflow for capital expenditure | | (9,176) | | (42,141) |
| Equity dividends paid | | (200,000) | | - |
| Net cash outflow before management of liquid resources and financing | | (79,071) | | (487,601) |
| Financing | | | | |
| Capital element of hire purchase contracts | (23,764) | | (11,019) | |
| Net cash outflow from financing | | (23,764) | | (11,019) |
| Decrease in cash in the year | | (102,835) | | (498,620) |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

| | | | Year Ended 28.02.2011 | Period 08.03.2009 to 28.02.2010 |
|---|---|---|-----------------------------|--|
| | | | £ | £ |
| 1 | Reconciliation of operating profit to net cash inflow/(outflow) from operating activities | | | |
| | | | | |
| | | | 255,553 | 401,021 |
| | | | 35,637 | 52,946 |
| | | | (44,407) | (1,484,584) |
| | | | 223,060 | (1,437,152) |
| | | | (208,731) | 2,116,343 |
| | | | | |
| | | Net cash inflow/(outflow) from operating activities | 261,112 | (351,426) |
| 2 | Analysis of net debt | | | |
| | 1 March 2010 | Cash Flow | Other non cash changes | 28 February 2011 |
| | £ | £ | £ | £ |
| | | | | |
| | | | | |
| | 114 | 300 | - | 414 |
| | (87,215) | (103,135) | - | (190,350) |
| | | | | |
| | (87,101) | (102,835) | - | (189,936) |
| | | | | |
| | | | | |
| | (62,981) | 23,764 | (30,000) | (69,217) |
| | | | | |
| | (62,981) | 23,764 | (30,000) | (69,217) |
| | | | | |
| | (150,082) | (79,071) | (30,000) | (259,153) |
| 3 | Reconciliation of net cash flow to movement in net debt | | | |
| | | | | |
| | | | | |
| | | | (102,835) | (498,620) |
| | | | 23,764 | 11,019 |
| | | | | |
| | | | (79,071) | (487,601) |
| | | | (30,000) | (74,000) |
| | | | | |
| | | | (109,071) | (561,601) |
| | | | (150,082) | 411,519 |
| | | | | |
| | | Closing net debt | (259,153) | (150,082) |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, to the extent that the company has a right to consideration arising from the performance of its contractual arrangements

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided, on a straight line basis, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | |
|---------------------|--------------|
| Plant and machinery | 3 to 5 years |
| Motor vehicles | 5 years |

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost or net realisable value. Cost is defined as the expenditure incurred in the normal course of business to bring the products to their present location and condition.

1.7 Deferred taxation

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.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

1 Accounting policies (Continued)

1.8 Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the translation rates ruling at that date. These translation differences are dealt with in the profit and loss account.

1.9 Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

2 Turnover

Geographical market

| | Year Ended 28 02 2011 £ | Period 08.03.2009 to 28.02.2010 £ |
|---------------|----------------------------------|---|
| UK | 15,584,216 | 12,583,947 |
| Rest of World | 159,100 | 288,750 |
| | <u>15,743,316</u> | <u>12,872,697</u> |

3 Operating profit

| | Year Ended 28 02.2011 £ | Period 08 03.2009 to 28.02.2010 £ |
|---|----------------------------------|---|
| Operating profit is stated after charging | | |
| Depreciation of tangible assets | 35,637 | 52,946 |
| Operating lease costs | | |
| Land and buildings | 56,000 | 56,000 |
| Directors remuneration | 76,358 | 53,058 |
| Directors pension costs | 5,980 | 5,980 |
| Auditors' remuneration | 3,000 | 2,500 |
| | <u></u> | <u></u> |

4 Interest payable

| | Year Ended 28.02 2011 £ | Period 08.03.2009 to 28 02.2010 £ |
|---------------------------|----------------------------------|---|
| Hire purchase interest | 3,693 | 2,489 |
| Stocking finance interest | 22,314 | 3,496 |
| | <u>26,007</u> | <u>5,985</u> |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

5 Taxation

| | Year Ended 28.02.2011 £ | Period 08.03.2009 to 28.02.2010 £ |
|--|----------------------------------|---|
| Domestic current period tax | | |
| U K corporation tax | 47,606 | 108,269 |
| Adjustment for prior period | (8,253) | - |
| Current tax charge | 39,353 | 108,269 |
| Deferred tax | | |
| Deferred tax charge/(credit) current period | 8,185 | (2,537) |
| | 47,538 | 105,732 |
| Factors affecting the tax charge for the period | | |
| Profit on ordinary activities before taxation | 229,546 | 395,036 |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2010 28%) | 64,273 | 110,610 |
| Effects of | | |
| Non deductible expenses | 20 | - |
| Depreciation add back | 9,978 | 14,825 |
| Capital allowances | (17,112) | (11,182) |
| Marginal relief | (9,553) | (5,984) |
| | (16,667) | (2,341) |
| Current tax charge | 47,606 | 108,269 |

6 Dividends

| | Year Ended 28.02.2011 £ | Period 08 03 2009 to 28.02.2010 £ |
|---|----------------------------------|---|
| Interim dividends in respect of period ended 28 February 2011 | | |
| Ordinary shares | 200,000 | Nil |
| 1 February 2011 £39.02 per share (2010 Nil per share) | | |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

7 Tangible fixed assets

| | Plant and machinery | Motor vehicles | Total |
|-----------------------|------------------------|-------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 March 2010 | 121,771 | 235,132 | 356,903 |
| Additions | 685 | 38,492 | 39,177 |
| Disposals | - | - | - |
| At 28 February 2011 | 122,456 | 273,624 | 396,080 |
| Depreciation | | | |
| At 1 March 2010 | 107,190 | 133,955 | 241,145 |
| Charge for year | 6,400 | 29,238 | 35,638 |
| Disposals | - | - | - |
| At 28 February 2011 | 113,590 | 163,193 | 276,783 |
| Net book value | | | |
| At 28 February 2011 | 8,866 | 110,431 | 119,297 |
| At 28 February 2010 | 14,581 | 101,177 | 115,758 |

Included above are assets held under finance leases or hire purchase contracts as follows

| | Motor vehicles £ |
|---|------------------------|
| Net book values | |
| At 28 February 2011 | 107,954 |
| At 28 February 2010 | 90,530 |
| Depreciation charge for the year | |
| At 28 February 2011 | 21,069 |
| At 28 February 2010 | 11,609 |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

| 8 | Stocks and work in progress | 2011 £ | 2010 £ |
|-----------|--|------------------|------------------|
| | Raw materials and consumables | 382,938 | 355,365 |
| | Work in progress | 13,008 | 8,194 |
| | Finished goods and goods for resale | 2,992,514 | 2,980,494 |
| | | <u>3,388,460</u> | <u>3,344,053</u> |
| 9 | Debtors | 2011 £ | 2010 £ |
| | Trade debtors | 969,310 | 1,086,178 |
| | Due from parent and fellow subsidiary undertakings | 1,571,386 | 1,615,413 |
| | Other debtors | 203,372 | 266,734 |
| | Prepayments and accrued income | 10,500 | 9,303 |
| | | <u>2,754,568</u> | <u>2,977,628</u> |
| 10 | Creditors: amounts falling due within one year | 2011 £ | 2010 £ |
| | Bank overdraft | 190,350 | 87,215 |
| | Other loans | 74,058 | 89,692 |
| | Net obligations under finance leases and hire purchase contracts | 34,927 | 23,849 |
| | Trade creditors | 3,237,913 | 3,114,690 |
| | Corporation tax | 42,622 | 108,269 |
| | Other taxes and social security costs | 22,029 | 19,921 |
| | Other creditors | 4,047 | 3,592 |
| | Accruals and deferred income | 178,077 | 496,960 |
| | | <u>3,784,023</u> | <u>3,944,188</u> |
| | Debt due in one year or less | <u>74,058</u> | <u>89,692</u> |

The bank facility is secured by a fixed and floating charge over all the assets of the company. In addition unlimited cross guarantees exist between the company and its ultimate parent, Cornthwaite Holdings Limited and fellow subsidiary, Cornthwaite Agricultural Limited.

Other loans are interest free stocking loans from John Deere Bank S A on used equipment traded in against new machines. These loans are secured on the equipment traded in.

The obligations under hire purchase contracts are secured on the assets subject to those contracts.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

| 11 Creditors: amounts falling due after more than one year | 2011 | 2010 |
|---|---------------|---------------|
| | £ | £ |
| Net obligations under finance leases and hire purchase contracts | 34,290 | 39,132 |
| | <u>34,290</u> | <u>39,132</u> |
| Analysis of loans | | |
| Not wholly repayable within five years by instalments | - | - |
| Wholly repayable within five years | 74,058 | 89,692 |
| | <u>74,058</u> | <u>89,692</u> |
| Included in current liabilities | (74,058) | (89,692) |
| | <u>-</u> | <u>-</u> |
| Amount due after more than one year | - | - |
| | <u>-</u> | <u>-</u> |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 38,592 | 27,456 |
| Repayable between one and five years | 36,220 | 41,404 |
| | <u>74,812</u> | <u>68,860</u> |
| Finance charges and interest allocated to future accounting periods | (5,595) | (5,879) |
| | <u>69,217</u> | <u>62,981</u> |
| Included in liabilities falling due within one year | (34,927) | (23,849) |
| | <u>34,290</u> | <u>39,132</u> |

The aggregate amount of secured creditors is £333,625 (2010 £152,673)

12 Operating lease commitments

The following operating lease payments are committed to be paid within one year

| | Land and buildings | |
|----------------------------|---------------------------|---------------|
| | 2011 | 2010 |
| | £ | £ |
| Expiring | | |
| Between one and five years | 56,000 | 56,000 |
| | <u>56,000</u> | <u>56,000</u> |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

13 Provisions for liabilities and charges

| | Deferred tax liability £ |
|-----------------------------|-----------------------------|
| Balance at 1 March 2010 | 650 |
| Profit and loss account | 8,185 |
| Balance at 28 February 2011 | 8,835 |

The deferred tax liability is made up as follows:

| | 2011 £ | 2010 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 8,835 | 650 |

14 Pension costs

The company operates a number of defined contribution pension schemes. The charge for the period is

| | 2011 £ | 2010 £ |
|--|-----------|-----------|
| | 18,096 | 17,952 |

The amount of pension contributions outstanding at the year end was £3,663 (2010 £3,592)

The number of directors to whom retirement benefits are accruing under defined contribution schemes in respect of qualifying services

| | 1 | 1 |
|--|---|---|
|--|---|---|

15 Share capital

| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 5,125 Ordinary shares of £1 each | 5,125 | 5,125 |

16 Statement of movement on reserves

| | Capital redemption reserve £ | Profit and loss account £ |
|-----------------------------|---------------------------------|------------------------------|
| Balance at 1 March 2010 | 5,125 | 2,443,333 |
| Profit for the year | - | 182,008 |
| Dividends paid | | (200,000) |
| Balance at 28 February 2011 | 5,125 | 2,425,341 |

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

| 17 Reconciliation of movements in shareholders' funds | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Profit for the financial year | 182,008 | 289,304 |
| Dividends | (200,000) | - |
| (Decrease)/increase in shareholders funds | (17,992) | 289,304 |
| Opening shareholders' funds | 2,453,583 | 2,164,279 |
| Closing shareholders' funds | 2,435,591 | 2,453,583 |

18 Contingent liabilities

The company has given an unlimited guarantee in respect of the bank borrowings of its fellow subsidiary company, Cornthwaite Agricultural Limited, and ultimate parent, Cornthwaite Holdings Limited. This guarantee is supported by a debenture on all companies and by legal charges over land and buildings owned by Cornthwaite Agricultural Limited.

At the year end the potential liability amounted to £Nil (2010 £Nil)

19 Related party transactions

The amount owing from Cornthwaite Investments (AG) Limited at 28 February 2011 was £1,243,030 (2010 £1,246,100)

The amount owing from a fellow group subsidiary, Cornthwaite Agricultural Limited, at 28 February 2011 was £328,356 (2010 £369,313)

Cornthwaite Investments (AG) Limited, a company registered in England and Wales, owns 100% of the issued share capital of Agricultural Machinery (Nantwich) Limited. A dividend of £200,000 was paid by the company to its parent.

During the year the following transactions took place between Agricultural Machinery (Nantwich) Limited and Cornthwaite Agricultural Limited

Sales £2,119,242

Purchases £1,785,734

20 Control

The ultimate holding company is Cornthwaite Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is S A Cornthwaite, the sole director and shareholder of that company.

Copies of the consolidated financial statements of Cornthwaite Holdings Limited, which is both the smallest and largest group for which consolidated financial statements are prepared, may be obtained from Cornthwaite Holdings Limited, Hall Lane, Bispham Green, Ormskirk, Lancs L40 3SB.

AGRICULTURAL MACHINERY (NANTWICH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

| | Year Ended 28.02.2011 Number | Period 08.03.2009 to 28 02.2010 Number |
|--------------------------------|---------------------------------------|--|
| Aftersales - parts and service | 17 | 13 |
| Salesmen | 4 | 4 |
| Management and administration | 5 | 5 |
| | <u>26</u> | <u>22</u> |
| | £ | £ |
| Wages and salaries | 785,530 | 618,384 |
| Social security costs | 80,618 | 66,025 |
| Other pension costs | 18,096 | 15,452 |
| | <u>884,244</u> | <u>699,861</u> |