

Filing

Registered number 2846291

## GRIMME (U.K.) LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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## **GRIMME (U.K.) LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Jens Walter Barry V White George B Baker
<b>Company secretary</b>	M D Baumber
<b>Registered number</b>	2846291
<b>Registered office</b>	Station Road Swineshead Boston Lincolnshire PE20 3PS
<b>Independent auditor</b>	BDO LLP St Hugh's 23 Newport Lincoln LN1 3DN
<b>Bankers</b>	HSBC Bank plc 26 Market Place Sleaford Lincolnshire NG34 7SB
<b>Solicitors</b>	The Ringrose Law Group St Peter-At-Arches Silver Street Lincoln LN2 1EA

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**GRIMME (U.K.) LIMITED**

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## **GRIMME (U K.) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

#### **Principal activities**

The principal activity of the company during the year was the retail and wholesale of agricultural machinery

#### **Business review**

The directors are satisfied with the result for the year and consider the financial position at the end of the year to be satisfactory

The company's strategy is to maintain its reputation as a supplier of quality product and for that product to be supported by quality service. The Board are content that the strategy remains deliverable and is being delivered effectively

#### **Principal risks and uncertainties**

The company is dependent on retaining the loyalty of both its customers and suppliers. For its customers this is addressed by maintaining a constant focus on service levels and technical standards. Supply risk is managed via its long-term strategic relationships with other companies in the Grimme group.

The principal risk going forward is the strength of the euro and its effect on the company's ability to maintain competitiveness in the current market place. The key uncertainty going forward is the effect that the global recession will have on the company's customers and, particularly, their decisions regarding capital investment.

#### **Key performance indicators**

The directors use a number of performance indicators, both financial and non-financial, to assess the success of the business. However, the increase in turnover and the increase in gross margin which are detailed on page 6 are of primary importance in ensuring the successful management of the company. In terms of financial position at the end of the year the company has increased its investment in stock reflecting the increase in trading levels. This is also reflected in the amounts due to and from other group companies.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,942,688 (2011 - £2,227,295)

The directors recommended a dividend of £Nil (2011 - £Nil)

#### **Directors**

The directors who served during the year were

Jens Walter  
Barry V White  
George B Baker

## **GRIMME (U K.) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

#### **Financial instruments**

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The ultimate parent company has entered into a hedging agreement whereby Grimme (U K.) Limited have to ensure that funds are made available to the ultimate parent company in accordance with an agreed schedule.

The nature of this agreement means that they are not subject to significant price risk or liquidity risk.

#### **Future developments**

The directors consider that the company's market place will remain fairly static in the near future and opportunities for future expansion will, therefore, be limited. However, the directors believe that with its quality product, high level of service and strong management team, the company is well placed to take advantage of every opportunity in the current year.

During the year, a new company was formed based in Dublin being Grimme Ireland Equipment Limited, a company 100% owned by Grimme (U K.) Limited. This new company acts as a retail outlet in Ireland and sells the same machinery and parts as Grimme (U K.) Limited, purchasing where possible from the German manufacturing sister company or Grimme (U K.) Limited itself.

The directors believe that this venture will increase market share, attract long term sustainable revenue in addition to new business opportunities.

#### **Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on **3RD JUNE 2013** and signed on its behalf

*MD Baumber*

**M D Baumber**  
Secretary

## **GRIMME (U.K.) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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, 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

## **GRIMME (U.K.) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIMME (U.K.) LIMITED**

We have audited the financial statements of Grimme (U K ) Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 31 December 2012 and of its profit for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

**GRIMME (U.K.) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIMME (U.K.) LIMITED**

**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



~~Jeffery Kirkham~~ (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Lincoln  
United Kingdom

14 June 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)



**GRIMME (U.K.) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	1,2	<b>37,777,320</b>	32,629,764
Cost of sales		<b>(29,420,861)</b>	(25,606,947)
<b>GROSS PROFIT</b>		<b>8,356,459</b>	7,022,817
Administrative expenses		<b>(4,090,429)</b>	(3,688,148)
<b>OPERATING PROFIT</b>	3	<b>4,266,030</b>	3,334,669
Interest receivable and similar income		<b>6,002</b>	5,449
Interest payable and similar charges	7	<b>(334,389)</b>	(279,104)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,937,643</b>	3,061,014
Tax on profit on ordinary activities	8	<b>(994,955)</b>	(833,719)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	18	<b>2,942,688</b>	2,227,295

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

**GRIMME (U.K.) LIMITED**  
**REGISTERED NUMBER: 2846291**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Tangible assets	9		2,113,082		1,426,498
Investments	10		83,577		-
			<u>2,196,659</u>		<u>1,426,498</u>
<b>CURRENT ASSETS</b>					
Stocks	11	11,849,879		10,417,228	
Debtors	12	3,740,262		2,013,830	
Cash at bank		2,578,746		2,782,074	
		<u>18,168,887</u>		<u>15,213,132</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(7,571,607)		(6,783,900)	
<b>NET CURRENT ASSETS</b>			<u>10,597,280</u>		<u>8,429,232</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,793,939</u>		<u>9,855,730</u>
<b>CREDITORS:</b> amounts falling due after more than one year	14		(4,058,400)		(4,016,400)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	16		(138,540)		(185,019)
<b>NET ASSETS</b>			<u>8,596,999</u>		<u>5,654,311</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		25,000		25,000
Profit and loss account	18		8,571,999		5,629,311
<b>SHAREHOLDERS' FUNDS</b>	19		<u>8,596,999</u>		<u>5,654,311</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

3<sup>rd</sup> June 2013

G B Baker

**George B Baker**  
Director

The notes on pages 8 to 17 form part of these financial statements

## GRIMME (U.K ) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue relating to goods is recognised at the point of dispatch. Revenue relating to services is recognised at point of rendering the service.

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4% Straight line
Plant, machinery and motor vehicles	-	20-50% Straight line
Furniture, fittings and equipment	-	10-50% Straight line

##### 1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Net realisable value is based on estimated selling price allowing for further costs for completion and disposal.

##### 1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### 1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## GRIMME (U.K.) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

##### 1.8 Investments

Investments in subsidiaries are shown at cost less provision for impairment

##### 1.9 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

##### 1.10 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 2. TURNOVER

Turnover is attributable to one class of business.

A geographical analysis of turnover is as follows:

	2012 £	2011 £
United Kingdom	36,571,401	31,929,659
Rest of European Union	1,156,749	663,014
Rest of world	49,170	37,091
	<u>37,777,320</u>	<u>32,629,764</u>

# GRIMME (U K.) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	325,599	289,009
- held under finance leases	16,400	16,400
Operating lease rentals		
- other operating leases	65,167	36,890
Difference on foreign exchange	(406,600)	22,556
Profit on sale of tangible assets	(21,038)	(29,973)
	<u>          </u>	<u>          </u>

### 4. AUDITOR'S REMUNERATION

	2012 £	2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	14,000	13,700
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company	4,055	-
Taxation compliance services	1,925	1,925
All other non-audit services not included above	2,311	1,300
	<u>          </u>	<u>          </u>

### 5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	203,431	180,651
	<u>          </u>	<u>          </u>
Company pension contributions to defined contribution pension schemes	15,700	15,359
	<u>          </u>	<u>          </u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £107,243

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,155

The company was not required to disclose information with regard to the highest paid director in the prior year. As a consequence, comparative information has not been stated in these financial statements

# GRIMME (U.K.) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 6 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,298,069	1,946,442
Social security costs	244,790	229,104
Other pension costs	88,956	105,661
	<u>2,631,815</u>	<u>2,281,207</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
Directors	3	3
Sales	9	7
Service and parts	48	45
Administration	8	8
	<u>68</u>	<u>63</u>

### 7 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On bank loans and overdrafts	-	335
On finance leases and hire purchase contracts	2,256	2,256
On loans from group undertakings	332,133	276,513
	<u>334,389</u>	<u>279,104</u>

### 8 TAXATION

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	1,018,721	811,652
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	(23,766)	22,067
<b>Tax on profit on ordinary activities</b>	<u>994,955</u>	<u>833,719</u>

**GRIMME (U.K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**8 TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>3,937,643</u>	<u>3,061,014</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	945,034	795,864
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,745	7,602
Depreciation in excess of capital allowances	54,434	8,186
Changes in provisions leading to an increase (decrease) in the tax charge	(4,800)	-
Change in tax rates	20,308	-
<b>Current tax charge for the year (see note above)</b>	<u><u>1,018,721</u></u>	<u><u>811,652</u></u>

**Factors that may affect future tax charges**

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced by 1 percentage point per year until 2015, when it will remain at 20%. As at the balance sheet date, the rate of 23% has been substantively enacted when Finance Bill 2012 received its final reading in the House of Commons on 3 July 2012.

**GRIMME (U K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**9 TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant, machinery & motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2012	1,590,420	1,341,067	469,244	3,400,731
Additions	598,405	438,203	49,628	1,086,236
Disposals	-	(246,938)	(145,998)	(392,936)
At 31 December 2012	<u>2,188,825</u>	<u>1,532,332</u>	<u>372,874</u>	<u>4,094,031</u>
<b>Depreciation</b>				
At 1 January 2012	792,585	814,985	366,663	1,974,233
Charge for the year	76,863	224,906	40,111	341,880
On disposals	-	(189,468)	(145,696)	(335,164)
At 31 December 2012	<u>869,448</u>	<u>850,423</u>	<u>261,078</u>	<u>1,980,949</u>
<b>Net book value</b>				
At 31 December 2012	<u>1,319,377</u>	<u>681,909</u>	<u>111,796</u>	<u>2,113,082</u>
At 31 December 2011	<u>797,835</u>	<u>526,082</u>	<u>102,581</u>	<u>1,426,498</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Motor vehicles	<u>99,327</u>	<u>38,267</u>

Freehold land is not depreciated The cost relating to freehold land is £253,000

**10. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2012	-
Additions	83,577
At 31 December 2012	<u>83,577</u>
<b>Net book value</b>	
At 31 December 2012	<u>83,577</u>
At 31 December 2011	<u>-</u>



# GRIMME (U.K.) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 10 FIXED ASSET INVESTMENTS (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Grimme Ireland Equipment Limited	Ordinary	100%

On 29th March 2012 a wholly owned subsidiary, Grimme Ireland Equipment Limited, was incorporated in the Republic of Ireland

### 11. STOCKS

	2012 £	2011 £
Finished goods	11,849,879	10,417,228

### 12 DEBTORS

	2012 £	2011 £
Trade debtors	2,804,659	1,780,828
Amounts owed by group undertakings	776,058	64,925
Other debtors	3,913	2,186
Prepayments and accrued income	123,304	156,968
Deferred tax asset (see note 15)	32,328	8,923
	3,740,262	2,013,830

### 13. CREDITORS

#### Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	37,500	37,500
Net obligations under finance leases and hire purchase contracts	31,000	16,400
Trade creditors	984,892	946,402
Amounts owed to group undertakings	4,233,304	4,400,132
Corporation tax	754,793	446,495
Social security and other taxes	898,440	439,232
Other creditors	606,885	456,880
Accruals	24,793	40,859
	7,571,607	6,783,900

Other creditors include £606,885 (2011 £456,880) received on account of orders for future sales

Obligations under finance leases and hire purchase contracts are secured over the assets concerned

**GRIMME (U.K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**14 CREDITORS:**  
**Amounts falling due after more than one year**

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>58,400</b>	16,400
Amounts owed to group undertakings	<b>4,000,000</b>	4,000,000
	<u><b>4,058,400</b></u>	<u>4,016,400</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
Between one and five years	<u><b>58,400</b></u>	<u>16,400</u>

Obligations under finance leases and hire purchase contracts are secured over the assets concerned

**15. DEFERRED TAX ASSET**

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
At beginning of year	<b>8,923</b>	30,990
Released during/(charged for) year	<b>23,405</b>	(22,067)
	<u><b>32,328</b></u>	<u>8,923</u>

The deferred tax asset is made up as follows

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
Anticipated utilisation of fixed asset and short term timing differences	<u><b>32,328</b></u>	<u>8,923</u>

**GRIMME (U K.) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**16. PROVISIONS**

	<b>Warranty costs £</b>
At 1 January 2012	<b>185,019</b>
Additions	<b>159,310</b>
Amounts used	<b>(205,789)</b>
At 31 December 2012	<b>138,540</b>

**Warranty costs**

The company offers a warranty guarantee on certain machine sales. The provision is the directors' estimate of the potential liability at the year end in relation to net future cost of repairs work on machines sold under warranty.

The provision is expected to reverse over a period of 1 year, being the warranty period although at the discretion of management, warranty periods can be extended further.

The directors do not consider the impact of discounting to be material.

**17. SHARE CAPITAL**

	<b>2012 £</b>	<b>2011 £</b>
<b>Allotted, called up and fully paid</b>		
25,000 Ordinary shares of £1 each	<b>25,000</b>	<b>25,000</b>

**18. RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2012	<b>5,629,311</b>
Profit for the year	<b>2,942,688</b>
At 31 December 2012	<b>8,571,999</b>

**19. SHAREHOLDERS' FUNDS**

	<b>2012 £</b>	<b>2011 £</b>
Opening shareholders' funds	<b>5,654,311</b>	<b>3,427,016</b>
Profit for the year	<b>2,942,688</b>	<b>2,227,295</b>
Closing shareholders' funds	<b>8,596,999</b>	<b>5,654,311</b>

# GRIMME (U.K ) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 20. CAPITAL COMMITMENTS

At 31 December 2012 the company had capital commitments as follows

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>912,935</u>	<u>581,640</u>

### 21. PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund

The pension cost charge for the year is shown in note 6 to the accounts

### 22. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012 £	2011 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>38,000</u>	<u>56,000</u>

### 23. RELATED PARTY TRANSACTIONS

As this company is ultimately owned by Grimme Holding GmbH and the consolidated accounts are publicly available in Germany, advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other wholly owned group companies

### 24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Grimme International Beteiligungs GmbH

The parent undertakings of the largest and smallest group for which consolidated accounts are prepared is Grimme Holding GmbH and Grimme International Beteiligungs GmbH respectively, both companies incorporated in Germany

Consolidated accounts are available from Grimme Holding GmbH, Hunteburger Str 32, 49401 Damme, Germany

In the opinion of the directors this is the company's ultimate parent company

Grimme Holding GmbH is ultimately controlled by Franz Grimme