

Company Registration No. 06236827 (England and Wales)

CORNTHWAITE AGRICULTURAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2011

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CORNTHWAITE AGRICULTURAL LIMITED

COMPANY INFORMATION

Directors	S A Cornthwaite J E Ashe R C Hughes (Appointed 24 November 2010)
Secretary	J E Ashe
Company number	06236827
Registered office	Hall Lane Bispham Green Nr Ormskirk Lancashire L40 3SB
Auditors	Moore and Smalley LLP Kendal House Murley Moss Business Village Kendal Cumbria LA9 7RL
Business address	Hall Lane Bispham Green Nr Ormskirk Lancashire L40 3SB
Bankers	Royal Bank of Scotland Plc 97 Fishergate Preston Lancashire PR1 2DP
Solicitors	Baines Wilson 2 Merchants Drive Carlisle Cumbria CA3 0JW

CORNTHWAITE AGRICULTURAL LIMITED

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CORNTHWAITE AGRICULTURAL 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 turn, all of which are monitored on a regular basis

Results and dividends

The results for the year are set out on page 6

Interim dividends totalling £17 50 per Ordinary Share were paid during the year Full details are included in note 6 to the financial statements

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

CORNTHWAITE AGRICULTURAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

Financial instruments

Financial risk management objectives and policies

The operations of the company's subsidiary expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring the financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

The directors will revisit the appropriateness of the policy should the company's operation change size or nature.

Directors

The following directors have held office during the year:
S A Cornthwaite
J E Ashe
R C Hughes (Appointed 24 November 2010)

Taxation status

The company was a close company within the provisions of the Corporation Tax Act 2010 and this position has not changed since the end of the financial year.

Auditors

Moore and Smalley LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

CORNTHWAITE AGRICULTURAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts 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 accounts 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.

Signed by order of the board



J E Ashe

Company Secretary

Approved by the directors on 22 June 2011

CORNTHWAITE AGRICULTURAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CORNTHWAITE AGRICULTURAL LIMITED

YEAR ENDED 28 FEBRUARY 2011

We have audited the financial statements of Cornthwaite Agricultural Limited for the year ended 28 February 2011 on pages 6 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 shareholders 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 shareholders 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 1 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 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.

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 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 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.

CORNTHWAITE AGRICULTURAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CORNTHWAITE AGRICULTURAL LIMITED (*continued*)

YEAR ENDED 28 FEBRUARY 2011

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



Michael Proudfoot (Senior Statutory Auditor)
For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Kendal House
Murley Moss Business Village
Kendal
Cumbria
LA9 7RL

22 June 2011

CORNTHWAITE AGRICULTURAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED ENDED 28 FEBRUARY 2011

	Notes	2011 £	2010 £
Turnover	2	29,561,325	31,357,791
Cost of sales		(28,039,154)	(29,734,002)
Gross profit		1,522,171	1,623,789
Distribution costs		(727,393)	(637,012)
Administrative expenses		(867,099)	(820,748)
Other operating income		632,878	727,152
Operating profit	3	560,557	893,181
Interest receivable		179	1,311
Interest payable and similar charges	4	(68,327)	(27,692)
Profit on ordinary activities before taxation		492,409	866,800
Tax on profit on ordinary activities	5	(123,949)	(252,256)
Profit for the year	14	368,460	614,544

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

CORNTHWAITE AGRICULTURAL LIMITED

BALANCE SHEET AS AT 28 FEBRUARY 2011

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		2,298,661		2,083,174
Current Assets					
Stocks	8	8,101,737		5,202,073	
Debtors	9	3,668,066		5,815,444	
Cash at bank and in hand		2,164,911		2,085,077	
		13,934,714		13,102,594	
Creditors: amounts falling due within one year	10	(12,228,680)		(11,675,576)	
Net current assets			1,706,034		1,427,018
Total assets less current liabilities			4,004,695		3,510,192
Creditors: amounts falling due after more than one year	11		(505,688)		(333,778)
Provisions for liabilities and charges	12		(48,499)		(59,366)
			3,450,508		3,117,048
Capital and reserves					
Called up share capital	13		2,000		2,000
Share premium account	14		1,734,982		1,734,982
Profit and loss account	14		1,713,526		1,380,066
Shareholders' funds - equity interests	15		3,450,508		3,117,048

These accounts were approved by the directors and authorised for issue on 22 June 2011 and are signed on their behalf by



S A Cornthwaite
Director

Company registration number 6236827

CORNTHWAITE AGRICULTURAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	2011		2010	
	£	£	£	£
Net cash inflow from operating activities		678,703		870,084
Returns on investments and servicing of finance				
Interest received	179		1,311	
Interest paid	(56,798)		(20,169)	
Interest element of hire purchase contracts	(11,529)		(7,523)	
Net cash outflow for returns on investments and servicing of finance		(68,148)		(26,381)
Taxation		(240,001)		(244,217)
Capital expenditure				
Payments to acquire tangible assets	(692,023)		(660,064)	
Receipts from sale of tangible assets	1,251,155		823,957	
Net cash inflow for capital expenditure		559,132		163,893
Equity dividends paid		(35,000)		(5,000)
Net cash inflow before management of liquid resources and financing		894,686		758,379
Financing				
Increase in debt				
- New long term bank loans	250,235		100,000	
- Repayment of long term bank loans	(63,649)		(42,277)	
- Capital element of hire purchase contracts	(1,001,437)		(796,812)	
Net cash outflow from financing		(814,851)		(739,089)
Increase in cash in the year		79,835		19,290

CORNTHWAITE AGRICULTURAL LIMITED

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

1 Reconciliation of operating profit to net cash inflow from operating activities	2011	2010
	£	£
Operating profit	560,557	893,181
Depreciation of tangible assets	307,888	266,702
Profit on disposal of tangible assets	(3,169)	(11,704)
(Increase)/decrease in stocks	(2,899,664)	206,475
Decrease/(increase) in debtors	2,147,378	(3,961,798)
Increase in creditors within one year	565,713	3,477,228
Net cash inflow from operating activities	678,703	870,084

2 Analysis of net funds	1 March 2010	Cash Flow	Other non cash changes	28 February 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	2,085,077	79,834	-	2,164,911
	<u>2,085,077</u>	<u>79,834</u>	<u>-</u>	<u>2,164,911</u>
Debt				
Finance leases	(590,378)	1,001,437	(1,079,338)	(668,279)
Debts falling due within one year	(45,845)	(25,900)	-	(71,745)
Debts falling due after one year	(274,210)	89,549	(250,235)	(434,896)
	<u>(910,433)</u>	<u>1,065,086</u>	<u>(1,329,573)</u>	<u>(1,174,920)</u>
Net funds	1,174,644	1,144,920	(1,329,573)	989,991

3 Reconciliation of net cash flow to movement in net funds	2011	2010
	£	£
Increase in cash in the year	79,835	19,290
Cash outflow from increase in debt and lease financing	814,851	739,089
Change in net funds resulting from cash flows	894,686	758,379
New finance leases	(1,079,338)	(635,650)
Movement in net funds in the year	(184,652)	122,729
Opening net funds	1,174,643	1,051,914
Closing net funds	989,991	1,174,643

CORNTHWAITE AGRICULTURAL 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 other than freehold land 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

Freehold buildings	50 years
Plant and machinery	3-5 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.

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.

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 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 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.

2 Turnover

Geographical market

	2011 £	2010 £
UK	24,020,023	27,146,453
Rest of World	5,541,302	4,211,338
	<u>29,561,325</u>	<u>31,357,791</u>

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of owned tangible assets	183,908	149,506
Depreciation of assets held under hire purchase agreements	123,980	117,196
(Profit)/Loss on foreign currency	3,553	1,234
Auditors' remuneration -audit	5,750	4,750
-other services	650	5,550
and after crediting		
Profit on disposal of tangible assets	(3,169)	(11,704)

4 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	13,971	7,871
Hire purchase interest	11,529	7,523
John Deere stocking interest	42,827	12,298
	<u>68,327</u>	<u>27,692</u>

CORNTHWAITE AGRICULTURAL LIMITED

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

5 Taxation

	2011 £	2010 £
Domestic current period tax		
U K corporation tax	133,861	245,084
Adjustment for prior period	955	4,984
	<u>134,816</u>	<u>250,068</u>
Current tax charge		
Deferred tax		
Deferred tax (credit)/charge current period	(10,867)	2,188
	<u>123,949</u>	<u>252,256</u>
 Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	<u>492,409</u>	<u>866,800</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2010 28%)	<u>137,875</u>	<u>242,704</u>
 Effects of		
Non deductible expenses	-	5,785
Depreciation add back	85,321	71,399
Capital allowances	(84,856)	(74,804)
Other adjustments	(4,479)	-
Adjustment for prior period	955	4,984
	<u>(3,059)</u>	<u>7,364</u>
 Current tax charge	<u>134,816</u>	<u>250,068</u>

6 Dividends

	2011 £	2010 £
Interim dividends in respect of year ended 28 February 2011		
Ordinary shares	<u>35,000</u>	<u>5,000</u>
16 March 2010 £10 00 per ordinary share		
1 October 2010 £7 50 per ordinary share		
 Dividends paid after the balance sheet are as follows:		
28 March 2011 £1 00 per ordinary share		
28 April 2011 £2 50 per ordinary share	<u>7,000</u>	<u>20,000</u>

CORNTHWAITE AGRICULTURAL LIMITED

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

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 March 2010	1,168,344	953,904	212,384	2,334,632
Additions	100,689	1,608,451	62,221	1,771,361
Disposals	-	(1,444,525)	(30,495)	(1,475,020)
At 28 February 2011	1,269,033	1,117,830	244,110	2,630,973
Depreciation				
At 1 March 2010	31,090	150,316	70,052	251,458
Charge for year	15,859	246,140	45,889	307,888
Disposals	-	(208,737)	(18,297)	(227,034)
At 28 February 2011	46,949	187,719	97,644	332,312
Net book value				
At 28 February 2011	1,222,084	930,111	146,466	2,298,661
At 28 February 2010	1,137,254	803,588	142,332	2,083,174

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

	Plant and machinery £	Motor vehicles £
Net book values		
At 28 February 2011	824,264	116,501
At 28 February 2010	673,204	125,711
Depreciation charge for the year		
At 28 February 2011	100,805	23,175
At 28 February 2010	88,247	28,949

The gross amount of land and buildings on which depreciation is being provided is £797,966 (2010 £611,169). Freehold land and buildings includes £471,067 (2010 £386,873) non-depreciable land. Included in additions during the year is expenditure on buildings of £Nil (2010 £170,302) which has not been depreciated during the year, as the assets in question were not completed and brought into use until after the year end.

CORNTHWAITE AGRICULTURAL 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	558,095	512,460
	Work in progress	10,727	11,735
	Finished goods and goods for resale	7,532,915	4,677,878
		<u>8,101,737</u>	<u>5,202,073</u>
9	Debtors	2011 £	2010 £
	Trade debtors	2,439,313	5,077,139
	Due from parent company and fellow subsidiary undertakings	448,448	448,477
	Other debtors	776,525	286,934
	Prepayments and accrued income	3,780	2,894
		<u>3,668,066</u>	<u>5,815,444</u>
10	Creditors: amounts falling due within one year	2011 £	2010 £
	Bank loans and overdrafts	71,745	45,846
	Other loans	135,403	87,500
	Due to fellow subsidiary undertakings	328,356	369,313
	Net obligations under finance leases and hire purchase contracts	597,487	530,810
	Trade creditors	8,841,757	9,458,981
	Corporation tax	139,899	245,084
	Other taxes and social security costs	28,116	23,658
	Other creditors	9,001	11,562
	Accruals and deferred income	2,076,916	902,822
		<u>12,228,680</u>	<u>11,675,576</u>
	Debt due in one year or less	<u>71,745</u>	<u>45,846</u>

The bank facility is secured by a fixed and floating charge over all the assets of the company, together with a 1st legal charge over the company's freehold property. In addition, unlimited cross guarantees exist between the company and its parent, Cornthwaite Holdings Limited and its fellow subsidiary, Agricultural Machinery (Nantwich) 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.

The aggregate amount of secured creditors is £1,310,323 (2010: £997,935).

CORNTHWAITE AGRICULTURAL 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 £
Bank loans	434,896	274,210
Net obligations under finance leases and hire purchase contracts	70,792	59,568
	<u>505,688</u>	<u>333,778</u>
Analysis of loans		
Not wholly repayable within five years by instalments	506,641	320,056
Wholly repayable within five years	-	-
	<u>506,641</u>	<u>320,056</u>
Included in current liabilities	(71,745)	(45,846)
	<u>434,896</u>	<u>274,210</u>
Amount due after more than one year		
	<u>135,000</u>	<u>121,000</u>
Instalments not due within five years		
	<u>135,000</u>	<u>121,000</u>
Loan maturity analysis		
In more than one year but not more than two years	37,934	47,116
In more than two years but not more than five years	261,962	106,094
In five years or more	135,000	121,000
	<u>135,000</u>	<u>121,000</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	605,590	535,054
Repayable between one and five years	75,946	64,986
	<u>681,536</u>	<u>600,040</u>
Finance charges and interest allocated to future accounting periods	(13,257)	(9,662)
	<u>668,279</u>	<u>590,378</u>
Included in liabilities falling due within one year	(597,487)	(530,810)
	<u>70,792</u>	<u>59,568</u>

The company has four bank loans repayable by monthly instalments. Three loans carry an interest rate of 1.5% above base rate and one carries an interest rate of 3.15% above base rate.

CORNTHWAITE AGRICULTURAL LIMITED

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

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 March 2010	59,366
Profit and loss account	(10,867)
Balance at 28 February 2011	<u>48,499</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>48,499</u>	<u>59,366</u>

13 Share capital

	2011 £	2010 £
Authorised		
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

14 Statement of movement on reserves

	Share premium account £	Profit and loss account £
Balance at 1 March 2010	1,734,982	1,380,066
Profit for the year	-	368,460
Dividends paid (note 6)	-	(35,000)
Balance at 28 February 2011	<u>1,734,982</u>	<u>1,713,526</u>

CORNTHWAITE AGRICULTURAL LIMITED

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

15 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	368,460	614,544
Dividends	(35,000)	(5,000)
	<hr/>	<hr/>
Increase in shareholders funds	333,460	609,544
Opening shareholders' funds	3,117,048	2,507,504
	<hr/>	<hr/>
Closing shareholders' funds	3,450,508	3,117,048
	<hr/>	<hr/>

16 Contingent liabilities

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

At the year end the potential liability amounted to £190,350 (2010 £Nil)

17 Director's emoluments

	2011 £	2010 £
Emoluments for qualifying services	218,866	221,101
	<hr/>	<hr/>
Information regarding the highest paid director is as follows		
Emoluments etc	126,660	136,460
	<hr/>	<hr/>

18 Related party transactions

At the year end the following amounts were due to directors	2011 £	2010 £
S A Cornthwaite	689	10,039
J E Ashe	1,887	562
	<hr/>	<hr/>
	2011 £	2010 £
Dividends paid to parent company during the period	35,000	5,000
	<hr/>	<hr/>

At the year end the sum of £448,472 (2010 £448,402) was due from Cornthwaite Investments (AG) Limited, a fellow group subsidiary undertaking.

At the year end the sum of £328,356 (2010 £369,313) was due to Agricultural Machinery (Nantwich) Limited a fellow group subsidiary undertaking.

Advantage has been taken of exemptions available under FRS8 not to disclose transactions with other group companies as consolidated financial statements are publicly available.

CORNTHWAITE AGRICULTURAL LIMITED

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

19 Employees

Number of employees

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

	2011 Number	2010 Number
Directors	2	2
Management/administration	5	4
Sales/ after sales	22	20
	<hr/> 29	<hr/> 26
	<hr/>	<hr/>
	£	£
Wages and salaries	1,010,426	873,122
Social security costs	104,313	89,042
	<hr/> 1,114,739	<hr/> 962,164
	<hr/>	<hr/>

20 Control

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

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