

Company Registration No. 06236827 (England and Wales)

CORNTHWAITE AGRICULTURAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

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CORNTHWAITE AGRICULTURAL LIMITED

COMPANY INFORMATION

Directors	S A Cornthwaite J E Ashe R C Hughes
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 29 FEBRUARY 2012

The directors present their report and financial statements for the year ended 29 February 2012

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 29 February 2012 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 £18 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 29 FEBRUARY 2012

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

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 29 FEBRUARY 2012

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 13 July 2012

CORNTHWAITE AGRICULTURAL LIMITED

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

YEAR ENDED 29 FEBRUARY 2012

We have audited the accounts of Cornthwaite Agricultural Limited for the year ended 29 February 2012 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 shareholders, 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 2 to 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 the directors, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts

- (give a true and fair view of the state of the company's affairs as at 29 February 2012 and of its profit for the year then ended,
- I have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- L 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 accounts are prepared is consistent with the accounts.

CORNTHWAITE AGRICULTURAL LIMITED

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

YEAR ENDED 29 FEBRUARY 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- | adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- | the accounts 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

13 July 2012

CORNTHWAITE AGRICULTURAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED ENDED 29 FEBRUARY 2012

	Notes	2012 £	2011 £
Turnover	2	40,555,847	29,561,325
Cost of sales		(38,761,859)	(28,039,154)
Gross profit		<u>1,793,988</u>	<u>1,522,171</u>
Distribution costs		(716,090)	(727,393)
Administrative expenses		(883,354)	(867,099)
Other operating income		821,018	632,878
Operating profit	3	<u>1,015,562</u>	<u>560,557</u>
Interest receivable		7	179
Interest payable and similar charges	4	(30,066)	(68,327)
Profit on ordinary activities before taxation		<u>985,503</u>	<u>492,409</u>
Tax on profit on ordinary activities	5	(252,358)	(123,949)
Profit for the year	14	<u><u>733,145</u></u>	<u><u>368,460</u></u>

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 29 FEBRUARY 2012

		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		2,840,775		2,298,661
Current Assets					
Stocks	8	7,136,172		8,101,737	
Debtors	9	4,036,064		3,668,066	
Cash at bank and in hand		2,153,150		2,164,911	
		13,325,386		13,934,714	
Creditors: amounts falling due within one year	10	(11,522,241)		(12,228,680)	
Net current assets			1,803,145		1,706,034
Total assets less current liabilities			4,643,920		4,004,695
Creditors: amounts falling due after more than one year	11		(422,167)		(505,688)
Provisions for liabilities and charges	12		(75,100)		(48,499)
			4,146,653		3,450,508
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		2,409,671		1,713,526
Shareholders' funds - equity interests	15		4,146,653		3,450,508

These accounts were approved by the directors and authorised for issue on 13 July 2012 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 29 FEBRUARY 2012

	2012		2011	
	£	£	£	£
Net cash inflow from operating activities		800,312		678,703
Returns on investments and servicing of finance				
Interest received	7		179	
Interest paid	(18,354)		(56,798)	
Interest element of hire purchase contracts	(11,712)		(11,529)	
Net cash outflow for returns on investments and servicing of finance		(30,059)		(68,148)
Taxation		(138,038)		(240,001)
Capital expenditure				
Payments to acquire tangible assets	(1,111,124)		(692,023)	
Receipts from sale of tangible assets	1,366,107		1,251,155	
Net cash inflow for capital expenditure		254,983		559,132
Equity dividends paid		(37,000)		(35,000)
Net cash inflow before management of liquid resources and financing		850,198		894,686
Financing				
Increase in debt				
- New long term bank loans	-		250,235	
- Repayment of long term bank loans	(77,044)		(63,649)	
- Capital element of hire purchase contracts	(784,915)		(1,001,437)	
Net cash outflow from financing		(861,959)		(814,851)
(Decrease)/increase in cash in the year		(11,761)		79,835

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2012

1 Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
	£	£
Operating profit	1,015,562	560,557
Depreciation of tangible assets	282,241	307,888
Profit on disposal of tangible assets	-	(3,169)
Decrease/(increase) in stocks	965,565	(2,899,664)
(Increase)/decrease in debtors	(367,998)	2,147,378
(Decrease)/increase in creditors within one year	(1,095,058)	565,713
Net cash inflow from operating activities	<u>800,312</u>	<u>678,703</u>

2 Analysis of net funds	1 March 2011	Cash Flow	Other non cash changes	29 February 2012
	£	£	£	£
Net cash				
Cash at bank and in hand	2,164,911	(11,761)	-	2,153,150
	<u>2,164,911</u>	<u>(11,761)</u>	<u>-</u>	<u>2,153,150</u>
Debt				
Finance leases	(668,279)	784,915	(1,079,338)	(962,702)
Debts falling due within one year	(71,745)	(2,925)	-	(74,670)
Debts falling due after one year	(434,896)	79,969	-	(354,927)
	<u>(1,174,920)</u>	<u>861,959</u>	<u>(1,079,338)</u>	<u>(1,392,299)</u>
Net funds	<u>989,991</u>	<u>850,198</u>	<u>(1,079,338)</u>	<u>760,851</u>

3 Reconciliation of net cash flow to movement in net funds	2012	2011
	£	£
(Decrease)/increase in cash in the year	(11,761)	79,835
Cash outflow from increase in debt and lease financing	861,959	814,851
Change in net funds resulting from cash flows	<u>850,198</u>	<u>894,686</u>
New finance leases	(1,079,338)	(1,079,338)
Movement in net funds in the year	<u>(229,140)</u>	<u>(184,652)</u>
Opening net funds	989,991	1,174,643
Closing net funds	<u>760,851</u>	<u>989,991</u>

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

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 2012

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

	2012 £	2011 £
UK	32,376,192	24,020,023
Rest of World	8,179,655	5,541,302
	<u>40,555,847</u>	<u>29,561,325</u>

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation of owned tangible assets	190,651	183,908
Depreciation of assets held under hire purchase agreements	91,590	123,980
(Profit)/Loss on foreign currency	(1,625)	3,553
Auditors' remuneration -audit	6,000	5,750
-other services	650	650
and after crediting		
Profit on disposal of tangible assets	-	(3,169)

4 Interest payable

	2012 £	2011 £
On bank loans and overdrafts	17,664	13,971
Hire purchase interest	11,712	11,529
John Deere stocking interest	690	42,827
	<u>30,066</u>	<u>68,327</u>

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

5 Taxation

	2012 £	2011 £
Domestic current period tax		
U K corporation tax	230,240	133,861
Adjustment for prior period	(4,483)	955
	<u>225,757</u>	<u>134,816</u>
Current tax charge		
Deferred tax		
Deferred tax charge/(credit) current period	26,601	(10,867)
	<u>252,358</u>	<u>123,949</u>
 Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	<u>985,503</u>	<u>492,409</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26 17% (2010 28%)	<u>257,903</u>	<u>137,875</u>
 Effects of		
Non deductible expenses	-	-
Depreciation add back	73,862	85,321
Capital allowances	(101,520)	(84,856)
Other adjustments	(5)	(4,479)
Adjustment for prior period	(4,483)	955
	<u>(32,146)</u>	<u>(3,059)</u>
 Current tax charge	<u>225,757</u>	<u>134,816</u>

6 Dividends

	2012 £	2011 £
Interim dividends in respect of year ended 28 February 2012		
Ordinary shares	<u>37,000</u>	<u>35,000</u>
28 March 2011 £1 00 per ordinary share		
28 April 2011 £2 50 per ordinary share		
1 October 2011 £10 00 per ordinary share		
1 December 2011 £5 00 per ordinary share		
 Dividends paid after the balance sheet are as follows:		
26 March 2012 £10 00 per ordinary share	<u>20,000</u>	<u>7,000</u>

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

7 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 March 2011	1,269,033	1,117,830	244,110	2,630,973
Additions	-	2,153,364	37,098	2,190,462
Disposals	-	(1,571,950)	-	(1,571,950)
At 29 February 2012	1,269,033	1,699,244	281,208	3,249,485
Depreciation				
At 1 March 2011	46,949	187,719	97,644	332,312
Charge for year	15,859	212,177	54,205	282,241
Disposals	-	(205,843)	-	(205,843)
At 29 February 2012	62,808	194,053	151,849	408,710
Net book value				
At 29 February 2012	1,206,225	1,505,191	129,359	2,840,775
At 28 February 2011	1,222,084	930,111	146,466	2,298,661

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

	Plant and machinery £	Motor vehicles £
Net book values		
At 29 February 2012	1,305,687	103,177
At 28 February 2011	824,264	116,501
Depreciation charge for the year		
At 29 February 2012	64,323	27,267
At 28 February 2011	100,805	23,175

The gross amount of land and buildings on which depreciation is being provided is £797,972 (2011 £797,972) Freehold land and buildings includes £471,061 (2011 £471,061) non-depreciable land

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

8	Stocks and work in progress	2012 £	2011 £
	Raw materials and consumables	520,985	558,095
	Work in progress	8,530	10,727
	Finished goods and goods for resale	6,606,657	7,532,915
		<u>7,136,172</u>	<u>8,101,737</u>
9	Debtors	2012 £	2011 £
	Trade debtors	3,408,845	2,439,313
	Due from parent company and fellow subsidiary undertakings	573,697	448,448
	Other debtors	49,585	776,525
	Prepayments and accrued income	3,937	3,780
		<u>4,036,064</u>	<u>3,668,066</u>
10	Creditors: amounts falling due within one year	2012 £	2011 £
	Bank loans and overdrafts	74,670	71,745
	Other loans	50,596	135,403
	Due to fellow subsidiary undertakings	449,715	328,356
	Net obligations under finance leases and hire purchase contracts	895,462	597,487
	Trade creditors	6,921,486	8,841,757
	Corporation tax	227,618	139,899
	Other taxes and social security costs	27,799	28,116
	Other creditors	10,829	9,001
	Accruals and deferred income	2,864,066	2,076,916
		<u>11,522,241</u>	<u>12,228,680</u>
	Debt due in one year or less	<u>74,670</u>	<u>71,745</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 £1,442,896 (2011 £1,310,323).

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

11 Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loans	354,927	434,896
Net obligations under finance leases and hire purchase contracts	67,240	70,792
	<u>422,167</u>	<u>505,688</u>
Analysis of loans		
Not wholly repayable within five years by instalments	429,597	506,641
Wholly repayable within five years	-	-
	<u>429,597</u>	<u>506,641</u>
Included in current liabilities	(74,670)	(71,745)
	<u>354,927</u>	<u>434,896</u>
Amount due after more than one year		
	<u>85,000</u>	<u>135,000</u>
Instalments not due within five years		
	<u>85,000</u>	<u>135,000</u>
Loan maturity analysis		
In more than one year but not more than two years	77,474	37,934
In more than two years but not more than five years	192,453	261,962
In five years or more	85,000	135,000
	<u>354,927</u>	<u>534,896</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	901,347	605,590
Repayable between one and five years	69,777	75,946
	<u>971,124</u>	<u>681,536</u>
Finance charges and interest allocated to future accounting periods	(8,422)	(13,257)
	<u>962,702</u>	<u>668,279</u>
Included in liabilities falling due within one year	(895,462)	(597,487)
	<u>67,240</u>	<u>70,792</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 29 FEBRUARY 2012

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 March 2011	48,499
Profit and loss account	26,601
	<u>75,100</u>
Balance at 29 February 2012	<u>75,100</u>

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	<u>75,100</u>	<u>48,499</u>

13 Share capital

	2012 £	2011 £
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 2011	1,734,982	1,713,526
Profit for the year	-	733,145
Dividends paid (note 6)	-	(37,000)
Balance at 29 February 2012	<u>1,734,982</u>	<u>2,409,671</u>

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

15 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	733,145	368,460
Dividends	(37,000)	(35,000)
	<hr/>	<hr/>
Increase in shareholders funds	696,145	333,460
Opening shareholders' funds	3,450,508	3,117,048
	<hr/>	<hr/>
Closing shareholders' funds	<u>4,146,653</u>	<u>3,450,508</u>

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 £Nil (2011 £190,350)

17 Director's emoluments

	2012 £	2011 £
Emoluments for qualifying services	<u>211,049</u>	<u>218,866</u>
Information regarding the highest paid director is as follows		
Emoluments etc	<u>115,983</u>	<u>126,660</u>

18 Related party transactions

At the year end the following amounts were due to directors

	2012 £	2011 £
S A Cornthwaite	1,996	689
J E Ashe	<u>407</u>	<u>1,887</u>

	2012 £	2011 £
Dividends paid to parent company during the period	<u>37,000</u>	<u>35,000</u>

At the year end the sum of £573,622 (2011 £448,472) was due from Cornthwaite Investments (AG) Limited, a fellow group subsidiary undertaking.

At the year end the sum of £449,715 (2011 £328,356) was due to Agricultural Machinery (Nantwich) Limited, a fellow group subsidiary undertaking.

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

Purchases	£3,290,708 (2011 £2,119,242)
Sales	£1,586,076 (2011 £1,785,734)

A management charge of £78,000 (2011 £78,000) was made by Cornthwaite Agricultural Limited to Agricultural Machinery (Nantwich) Limited for the year ended 29 February 2012.

CORNTHWAITE AGRICULTURAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

19 Employees

Number of employees

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

	2012 Number	2011 Number
Directors	2	2
Management/administration	5	5
Sales/ after sales	22	22
	<u>29</u>	<u>29</u>
	£	£
Wages and salaries	1,047,841	1,010,426
Social security costs	112,338	104,313
	<u>1,160,179</u>	<u>1,114,739</u>

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