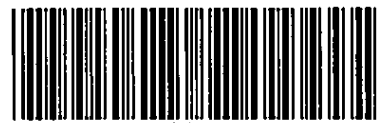


RANSOMES PLC

**FINANCIAL STATEMENTS
31ST DECEMBER 2006**

ENGLISH COMPANY REGISTRATION NO. 19802

MONDAY



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COMPANIES HOUSE

RANSOMES PLC

Company Registration No 19802

DIRECTORS

B W George
D P Withers
S J Mitchell

SECRETARY

Eversecretary Limited
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

AUDITORS

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

BANKERS

HSBC Bank plc
168 High Street
Guildford
Surrey
GU1 3YU

SOLICITORS

Eversheds LLP
Kett House
1 Station Road
Cambridge
CB1 2JY

REGISTERED OFFICE

West Road
Ransomes Europark
Ipswich
Suffolk
IP3 9TT
Tel 01473 270000
Fax 01473 276300

RANSOMES PLC

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31st December 2006

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a holding company

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Profit before tax increased by £4,138,000 to a profit of £8,552,000 (2005 £4,414,000) The results include a £5,500,000 interim dividend received from Ransomes Jacobsen Limited (2005 £2,500,000) Net interest income increased by £294,000 Administrative expenses decreased by £538,000, mainly due to reduced provisions against receivables from subsidiary undertakings Other income increased by £290,000 due to overage and other adjustments on the main surplus land sale made in 2004

The company sold a subsidiary undertaking, Ransomes Park Limited, on 3rd February 2006 to WinRo Limited This disposal was made at a gain of £16,000

The future strategy remains to continue to act as the holding company of the former Ransomes Group of companies, managing investments, maximising interest income and withdrawing from property activities

RESULTS AND DIVIDEND

The company's profit after taxation for the year was £8,552,000 (2005 £4,414,000) Interim dividends of £7,500,000 were paid in respect of the current year (2005 £3,265,000) No final ordinary dividend is proposed in respect of the current year (2005: £Nil) 5 5% preference dividend of £5,000 was accrued during the year (2005 £6,000)

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

SUPPLIER PAYMENT POLICY

The company's policy is to pay in accordance with the agreed supplier terms, provided that the relevant invoice is presented in a timely fashion and is complete Trade creditor days for the year ended 31st December 2006 were 10 days (2005 9 days), based on the ratio of trade creditors at the year end to the amounts invoiced during the year by trade creditors

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year to 31st December 2006 were

Mr S H Chicken (resigned 13th April 2006)
Mr B W George
Miss E K Hayes (resigned 15th June 2007)
Mr P A McGartoll (resigned 13th April 2006)
Mr D P Withers
Mr S J Mitchell (appointed 13th April 2006)

No director has a service contract with the company

RANSOMES PLC

DIRECTORS' REPORT Continued

INCOME AND CORPORATION TAXES ACT 1988

The close company provisions of this Act do not apply to the company

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving this report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware, and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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,
- 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the Annual General Meeting

By Order of the Board



B W George
Director
11th July 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RANSOMES PLC

We have audited the company's financial statements for the year ended 31st December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

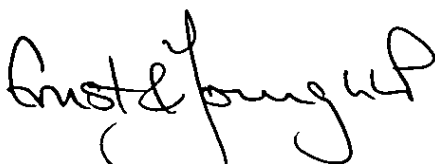
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP
Registered auditor
Cambridge

17 July 2007

RANSOMES PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 £'000	2005 £'000
Administrative expenses		336	(202)
Other operating income		290	-
Income from investments		5,500	2,500
		<hr/>	<hr/>
Operating profit	1	6,126	2,298
Profit on sale of investment in subsidiary undertaking	5	16	-
Interest receivable	2	5,493	5,202
Interest payable	2	(3,083)	(3,086)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		8,552	4,414
Taxation on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit for the financial year	11	8,552	4,414
		<hr/>	<hr/>

All of the above results are derived from continuing operations

All recognised gains and losses for the reported period are reflected in the profit and loss account

The reconciliation of movements in shareholders' funds and a reserve analysis are given in note 11 on page 16

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006 £'000	2005 £'000
Reported profit on ordinary activities before taxation	8,552	4,414
Realisation of property revaluation surplus	-	235
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	8,552	4,649
	<hr/>	<hr/>
Historical cost profit for the year after taxation and equity dividends	1,052	1,384
	<hr/>	<hr/>

RANSOMES PLC

**BALANCE SHEET
AS AT 31ST DECEMBER 2006**

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	5	21,660	21,660
Current assets			
Property available for disposal	6	400	276
Debtors	7	129,938	76,171
Cash at bank and in hand		39,113	45,135
		<u>169,451</u>	<u>121,582</u>
Creditors: amounts falling due within one year	8	(127,032)	(80,215)
Net current assets		<u>42,419</u>	<u>41,367</u>
Total assets less current liabilities		64,079	63,027
Creditors: amounts falling due after more than one year	9	(56,807)	(56,807)
Net assets		<u>7,272</u>	<u>6,220</u>
Capital and reserves			
Called up share capital	10	34,664	34,664
Revaluation reserve	11	242	242
Profit and loss account	11	(27,634)	(28,686)
Shareholders' funds	11	<u>7,272</u>	<u>6,220</u>

Approved by the directors and signed on their behalf by



B W George
Director
11th July 2007

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2006

ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of land and buildings and in compliance with the provisions of the Companies Act 1985

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised

Interest income

Revenue is recognised as interest accrues issuing the effective interest method

Dividends

Revenue is recognised when the company's right to receive payment is established

Management estimates

Estimates have been made in respect of remaining liabilities relating to surplus land sales after evaluating the latest development position, commitment placed in respect of drainage works and other estimates of contractors

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

Property available for disposal

Property transferred from fixed assets is stated at the lower of book value (latest independent valuation) or net realisable value

Cash Flow Statement

A cash flow statement has not been presented as the company is a wholly owned subsidiary of Textron Acquisition Limited, which is consolidated within the group financial statements of its ultimate parent undertaking, Textron Inc

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

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

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

Group financial statements

The financial statements present information about the company and not the group. Group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of Textron Acquisition Limited, which is consolidated within the group financial statements of its ultimate parent undertaking, Textron Inc.

Pensions

The regular cost of providing pensions is charged against profits on a systematic basis in the financial statements of subsidiary companies. Surpluses and deficits and other variations over regular cost are allocated over the expected remaining service lives of current employees and charged with effect from 1st January 2005 in the financial statements of Ransomes Jacobsen Limited. Differences between the amounts charged or credited in the profit and loss account and payments made to the schemes are treated as assets or liabilities in the balance sheet.

The Ransomes plc pension scheme is financed through separately administered funds. Information with respect to the Ransomes plc scheme is included in note 13 to these financial statements and in the financial statements of Ransomes Jacobsen Limited.

Financial liabilities and equity

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 company after deducting all of its liabilities. All charges associated with financial liabilities are classified within finance charges.

Preferred convertible shares

Preferred convertible shares are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the company, is included in equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the interest. The difference between this amount and the interest paid is added to the carrying amount of the preferred convertible shares and is included within finance charges as accretion of interest.

1 OPERATING PROFIT IS STATED AFTER CHARGING/(CREDITING):

	2006 £'000	2005 £'000
Auditors' remuneration – Audit of the financial statements	10	10
Amounts (released)/written off receivables from subsidiary undertakings	(340)	193
Release of land available for disposal related provisions	(180)	-
Land overage agreement income related to 2004 main surplus land sale	(110)	-
	<hr/>	<hr/>

None of the directors were remunerated in respect of services to the company during the year (2005 £Nil)

No staff were employed during the year (2005 Nil)

Segmental and Geographical Information – The Company has no turnover. Profit before taxation and net assets relates to the principal activity of the company, being that of a holding company operating in the United Kingdom.

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

2 INTEREST

	2006 £'000	2005 £'000
Receivable		
Interest receivable on bank deposits	1,467	1,484
Interest receivable from subsidiary undertakings	94	87
Interest receivable from other group undertakings	3,930	3,605
Interest receivable from immediate parent undertaking	-	26
Other interest receivable	2	-
	<u>5,493</u>	<u>5,202</u>
Payable		
Interest payable on bank loans and overdrafts	(7)	(6)
Interest payable to subsidiary undertakings	(310)	(82)
Interest payable to other group undertakings	(2,467)	(2,719)
Interest payable to immediate parent undertaking	(294)	-
Preference dividend – 5 5% cumulative preference shares	(5)	(6)
Accretion of equity option on preferred convertible shares	-	(180)
Finance costs of preferred convertible shares	-	(93)
	<u>(3,083)</u>	<u>(3,086)</u>

Textron Acquisition Limited, the majority 5 5% preference shareholder has waived its rights to these dividends

3 TAX

	2006 £'000	2005 £'000
(a) Tax on profit on ordinary activities		
The tax charge/(credit) is made up as follows		
Current Tax		
UK Corporation tax at 30%	-	-
Adjustment for prior years	-	-
Total current tax (note 3(b))	<u>-</u>	<u>-</u>
Deferred Tax		
Origination and reversal of timing differences (note 3(c))	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

There is no current year charge for UK corporation tax as profits arising will be covered by use of losses surrendered by other group companies for £Nil consideration

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

3 TAX Continued

	2006 £'000	2005 £'000
(b) Factors affecting current tax charge		
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are reconciled below		
Profit on ordinary activities before taxation	8,552	4,414
Tax at 30%	2,566	1,324
Actual corporation tax (note 3(a))	-	-
Difference	(2,566)	(1,324)
Permanent differences		
Profit on investment disposal	(5)	-
Loan, investment and receivable impairments	(102)	58
Dividends receivable	(1,650)	(750)
Group relief from Textron companies	(794)	(666)
Timing differences		
Other timing differences	(15)	34
Difference	(2,566)	(1,324)
(c) Deferred tax		
<u>Provided</u>		
Accelerated capital allowances	-	-
Other timing differences	-	-
	-	-
<u>Unprovided asset</u>		
Accelerated capital allowances	(3)	(4)
Other timing differences	(5)	(19)
	(8)	(23)

This asset has not been recognised as it is not expected that there will be sufficient taxable profits against which the asset may be utilised in the near future

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

3 TAX Continued

£'000

(c) Deferred tax Continued

Analysis of movement in deferred tax

Provision at 1st January 2006

-

Profit and Loss Account movement arising during the year

-

Provision at 31st December 2006

-

4 DIVIDENDS

2006
£'000

2005
£'000

Equity shares

Interim – paid 12th December 2006 5 41p per share

7,500

-

Interim – paid 30th March 2005 0 91p per share

-

1,265

Interim – paid 15th September 2005 1 44p per share

-

2,000

7,500

3,265

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

5 FIXED ASSETS - INVESTMENTS

Shares in subsidiary undertakings

	2006 £'000	2005 £'000
Cost:		
At start of year	25,371	25,371
Disposals	(388)	-
At end of year	<u>24,983</u>	<u>25,371</u>
Amounts provided:		
At start of year	3,711	3,711
Disposals	(388)	-
At end of year	<u>3,323</u>	<u>3,711</u>
Net book value at end of year	<u>21,660</u>	<u>21,660</u>

Details of principal subsidiaries at 31st December 2006, which unless indicated, are direct subsidiaries of RANSOMES plc

Name of company	Country of incorporation & Holding (ordinary shares)	Nature of business
Ransomes Jacobsen Limited	England (100%)	Manufacture and sale of machinery
* Granja SA (in liquidation)	France (0.842%)	Manufacture and sale of machinery
Ransomes Property Developments Limited	England (100%)	Property development
Ransomes Overseas Services Limited	England (100%)	Holding company

* Indirect holding (Ransomes Overseas Services Limited investment)

The directors are of the opinion that the value of these investments are not materially different from the amount at which they are stated in the financial statements

Granja SA went into liquidation on 15th March 2005. The 100% holding in Granja SA was diluted during 2005 following an injection of capital by another group company.

Ransomes Park Limited was sold to WinRo Limited on 3rd February 2006 at book value, crystallising a gain on disposal of £16,000. The tax effect in the profit and loss account relating to the exceptional item recognised below operating profit is £Nil (see note 3).

The indirect holding in Ransomes Jacobsen France SAS was sold on 3rd November 2006 by Ransomes Overseas Services Limited to Textron France EURL. The gain on disposal was £1,324,000.

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

6 PROPERTY AVAILABLE FOR DISPOSAL

	2006 £'000	2005 £'000
Surplus land and buildings		
At start of the year	276	844
Disposals	-	(600)
Provision utilised	14	32
Provision released to the profit and loss account	35	-
Provision transferred to accruals	75	-
At end of the year	<u>400</u>	<u>276</u>

7 DEBTORS

	2006 £'000	2005 £'000
Amounts owed by subsidiary undertakings	6,888	8,636
Amounts owed by other group undertakings	122,904	67,522
Other debtors	137	4
Prepayments and accrued income	9	9
	<u>129,938</u>	<u>76,171</u>

8 CREDITORS: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	18	50
Amounts owed to immediate parent undertaking	10,753	1,190
Amounts owed to subsidiary undertakings	6,617	10,767
Amounts owed to other group undertakings	109,058	67,395
Other taxes	-	57
Accruals and deferred income	585	755
Preference dividend (5.5%)	1	1
	<u>127,032</u>	<u>80,215</u>

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

9 CREDITORS: amounts falling due after more than one year

	No.'000	2006 £'000	No.'000	2005 £'000
<i>8 25p cumulative preference shares of 12 5p each</i>				
Authorised, issued and fully paid	56,607	56,607	56,607	56,607
<i>5 5% cumulative preference shares of £1 each</i>				
Authorised, issued and fully paid	200	200	200	200
		<hr/>		<hr/>
		56,807		56,807
		<hr/>		<hr/>
			2006	2005
			£'000	£'000
Called up share capital – 5 5% preference shares			200	200
Called up share capital – 8 25p preference shares			7,076	7,076
Premium arising on the issue of 8 25p preference shares			47,940	47,940
Issue costs arising on issue of shares netted off share premium account			1,591	1,591
			<hr/>	<hr/>
			56,807	56,807
			<hr/>	<hr/>

8.25p cumulative preference shares of 12.5p each

The 8 25p (net) cumulative preference shares of 12 5p each were convertible into ordinary shares on the basis of 0.43 ordinary shares for each preference share on 1st July each year up to and including 2005. The 8 25p cumulative preference shares are not redeemable at any time. Holders of the 8 25p preference shares are not entitled to attend or vote at a general meeting, unless (i) at the date of the notice convening the meeting the fixed cumulative preference dividend is six months or more in arrears from the date fixed for the payment, (ii) the business of the meeting includes the consideration of a resolution to wind up the company or (iii) a resolution is to be proposed which alters or abrogates any of the rights attaching to the preference shares as a class, in the case of (ii) and (iii), the holders of the preference shares will only be entitled to vote on the resolution in question. As regards both income and capital, the 8 25p cumulative preference shares rank after the 5 5% preference shares but otherwise in priority to any other class of shares or stock. On a return of capital each preference share carries the right to an amount of 100 pence together with any arrears and accruals of the fixed dividend. The holders of the preference shares are not entitled to any further or other right to participate in the assets of the company.

5.5% cumulative preference shares of £1 each

Holders of the 5 5% preference shares are not entitled to attend or vote at a general meeting, unless the meeting is convened for reducing the capital or winding up or sanctioning a sale of undertaking or altering the regulations of the company or unless the proposition to be submitted to the meeting directly affects the rights and privileges of the holders of the 5 5% preference shares or unless the dividend on such shares is in arrears for more than three months. In a winding up, the 5 5% cumulative preference shares rank both as regards capital and dividend in priority to the other shares of the company but do not confer any further right to participate in profits or surplus assets. The 5 5% cumulative preference shares are not redeemable at any time.

Dividends are payable on 19th March and 19th September each year.

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

10 CALLED UP SHARE CAPITAL

	2006		2005	
	No.'000	£'000	No.'000	£'000
<i>Ordinary shares of 25p each</i>				
Authorised	190,020	47,505	190,020	47,505
Issued and fully paid	<u>138,652</u>	<u>34,663</u>	<u>138,652</u>	<u>34,663</u>
<i>8 25p cumulative preference shares of 12 5p each</i>				
Authorised, issued and fully paid (note 9)	56,607	7,076	56,607	7,076
<i>5 5% cumulative preference shares of £1 each</i>				
Authorised, issued and fully paid (note 9)	200	200	200	200
<i>14 (2005 14) special shares of varying nominal values each</i>				
Authorised, issued and fully paid	-	<u>1</u>	-	<u>1</u>
		7,277		7,277
FRS25 reclassification to debt		<u>(7,276)</u>		<u>(7,276)</u>
		<u>1</u>		<u>1</u>
Called up share capital		<u>34,664</u>		<u>34,664</u>

Special shares

The special shares, which are of varying nominal amounts, have arisen as a result of 8 25p cumulative convertible preference shares of 12 5p each being converted into ordinary shares of 25p each. The 8 25p (net) cumulative preference shares of 12 5p each were convertible into ordinary shares on the basis of 0.43 ordinary shares for each preference share on 1st July each year up to and including 2005. A special share is liable to be created whenever such a conversion is effected by a member, representing any difference between the aggregate nominal value of the preference shares converted by that member and the aggregate nominal amount of the resulting ordinary shares. Special shares are held in the name of an officer of the company, they are not transferable by the holder and do not entitle the holder to any dividend or to any repayment of capital (except for the sum of 1p) or to receive notice of or attend and vote at any general meeting of the company. They may be cancelled by the company without making any payment to, or obtaining any sanction of the holder. On a winding up, the special shares rank with the ordinary shares but subject to the maximum amount of 1p per share.

RANSOMES PLC

NOTES TO THE FINANCIAL STATEMENTS Continued AS AT 31ST DECEMBER 2006

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Equity element of preferred convertible shares	Revalu- ation Reserve	Profit and Loss Account	Total Shareholders' Funds
	£'000	£'000	£'000	£'000	£'000
At 1st January 2005	34,664	6,120	477	(36,190)	5,071
Profit for the financial year	-	-	-	4,414	4,414
Equity dividends - interims	-	-	-	(3,265)	(3,265)
Lapse of conversion rights	-	(6,120)	-	6,120	-
Realised on disposals	-	-	(235)	235	-
At 31st December 2005	34,664	-	242	(28,686)	6,220
Profit for the financial year	-	-	-	8,552	8,552
Equity dividends - interims	-	-	-	(7,500)	(7,500)
At 31st December 2006	34,664	-	242	(27,634)	7,272

The retained profit and loss account of the company includes £6,417,000 (2005: £5,365,000) of distributable reserves

The tax effect of the revaluation reserve movement in 2005 was £Nil

12 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Textron Acquisition Limited. The company's ultimate parent undertaking and controlling party is Textron Inc, which is incorporated in the United States of America. Copies of its group financial statements are available from Textron Inc, 40 Westminister Street, Providence, Rhode Island, 02903, USA.

In accordance with FRS8 related party disclosures with other Textron Inc group companies are not required as the company is a 100% owned subsidiary undertaking.

13 PENSIONS

The company's former employees were members of the RANSOMES plc pension scheme, which is of the defined benefit type with assets held in separate trustee administered funds. Contributions to these funds are based upon the advice of a professionally qualified actuary following the most recent valuation of these funds. The current group employees of the scheme are now employed by Ransomes Jacobsen Limited. Information with respect to the RANSOMES plc schemes are included within the Ransomes Jacobsen Limited financial statements.