

Company Number:
1761489 (England & Wales)

Knight Farm Machinery Limited
Abbreviated Statutory Financial Statements
For The Year Ended 31st March 1998

MOORE STEPHENS
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
THE GREY HOUSE
3 BROAD ST
STAMFORD
LINCOLNSHIRE
PE9 1PR



Knight Farm Machinery Limited
Directors' Report
For The Year Ended 31st March 1998

The directors present their report and the financial statements for the year ended 31st March 1998.

Principal Activities

The principal activity of the company is the manufacture of farm machinery.

There has not been any significant change in this activity during the year.

Review Of Business

Details of the results for the year are given on page 5 of the accounts. The sales made by the company have decreased slightly due to the current financial difficulties in the worldwide agricultural market, however the company has retained significant profits and have carefully researched their intended product ranges to continually improve on it's market share.

The directors feel that the company will be able to sustain profitability in the future.

Research & Development

The only research and development activities undertaken by the company is the continual development of existing products/services. The directors consider that any such expenditure is not significant in the context of the company's financial statements.

Events Since The End Of The Year

The directors do not consider that any event since the Balance Sheet date significantly affects the company's financial position.

Donations

Political and charitable donations did not exceed £200 during the year.

Fixed Assets

Changes in fixed assets during the year are set out in the notes to the financial statements.

In the opinion of the directors, the market value of land & buildings does not vary materially from the net book value of £345,653.

Knight Farm Machinery Limited

Directors' Report

For The Year Ended 31st March 1998

Results And Dividends

During the year a dividend has been paid on the 7% (Net) Cumulative Non- Redeemable Preference Shares of £1 each amounting to £35,000.

The directors recommend that no dividend on Ordinary Shares be paid for the year.

Directors' Interests

The directors of the company during the year and their interests in the share capital of the company, at the beginning and end of the year, as recorded in the register of directors' interests were as follows:

	1998	1997
	No.	Of Shares
R G Knight	250,011	250,050
B G Knight	250,089	250,050

Trustee holding:

As at 31 March 1998 the directors held 39 Ordinary Shares as trustees for the children of Mr B G and Mrs S J Knight.

No director has been granted a right to subscribe for additional shares or debentures.

The director retiring by rotation is Mr B G Knight who being eligible will offer himself for re-election at the forthcoming Annual General Meeting.

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

Knight Farm Machinery Limited

Directors' Report

For The Period Ended 31st March 1998

Responsibilities Of The Directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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:

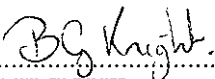
- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- iv. follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which 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

The auditors, Messrs Moore Stephens (Chartered Accountants), have expressed their willingness to continue in office and a Resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


.....
B G KNIGHT

Knight Farm Machinery Limited
Profit And Loss Account
For The Year Ended 31st March 1998

	Note	1998 £	1997 £
Gross Profit		843,657	1,109,996
Administrative expenses		585,884	620,561
		<u>257,773</u>	<u>489,435</u>
Other operating income		9,409	1,648
Operating Profit	2	<u>267,182</u>	<u>491,083</u>
Other interest receivable & similar income		28,274	14,751
Interest payable	5	-	(37)
Profit On Ordinary Activities Before Taxation		<u>295,456</u>	<u>505,797</u>
Tax on profit on ordinary activities	6.	(83,557)	(122,252)
Profit For The Financial Year		<u>211,899</u>	<u>383,545</u>
Dividends	7	(35,000)	-
Retained Profit For The Year		<u>£ 176,899</u>	<u>£ 383,545</u>

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 1998 therefore turnover and operating profit derive entirely from continued operations.

The company has no recognised gains or losses other than the profit for the above financial years.

Knight Farm Machinery Limited

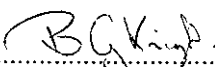
Abbreviated Balance Sheet

At 31st March 1998

	Note	1998 £	1997 £
Fixed Assets			
Tangible assets	8	517,234	376,912
Current Assets			
Stocks	9	387,657	416,217
Debtors	10	314,103	641,238
Cash at bank and in hand		517,775	324,612
		<u>1,219,535</u>	<u>1,382,067</u>
Creditors			
Amounts falling due within one year	11	<u>308,885</u>	<u>507,995</u>
Net Current Assets		<u>910,650</u>	<u>874,072</u>
Total Assets Less Current Liabilities		<u>1,427,884</u>	<u>1,250,984</u>
Net Assets		<u>£1,427,884</u>	<u>£1,250,984</u>
Capital And Reserves			
Called up share capital	12	500,100	500,100
Profit and loss account	13	927,784	750,884
Total Shareholders' Funds		<u>£1,427,884</u>	<u>£1,250,984</u>
Shareholders' Funds			
- equity interests		927,884	750,984
- non equity interests		500,000	500,000
Total Shareholders' Funds		<u>£1,427,884</u>	<u>£1,250,984</u>

Advantage has been taken of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the opinion of the directors the company is entitled to the benefit of those exemptions as a medium-sized company.

Approved by the board of directors on 14-10-98...


B G Knight

Knight Farm Machinery Limited

Cash Flow Statement

For The Year Ended 31st March 1998

	Note	1998 £	1997 £
Net Cash Inflow From Operating Activities	15	532,288	354,103
Returns On Investments And Servicing Of Finance	16	28,837	15,269
Taxation		(139,374)	(102,442)
Capital Expenditure	16	(193,590)	(292,460)
Equity Dividends Paid		(35,000)	-
Increase/(Decrease) In Cash		<u>£ 193,161</u>	<u>£ (25,530)</u>

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

1. Accounting Policies

These accounts have been prepared under the Historical Cost Convention.

These accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.

Gross Profit

Gross Profit represents Turnover less Cost of Sales.

Depreciation

Depreciation has been computed to write off the cost of fixed assets over their expected useful lives at the following rates:-

Leasehold Premises Improvements	evenly over the period of the lease
Leasehold Premises	2%pa on cost
Plant and machinery	15% pa on reducing balance
Motor vehicles	25% pa on reducing balance
Fixtures and fittings	15% pa on reducing balance
Computer Equipment	25% pa on reducing balance

A full year's depreciation is charged in the year of acquisition of an asset, but none in the year of disposal.

Stocks

Stocks and work in progress are valued consistently at the lower of cost (on first in first out basis) or net realisable value. Cost, where appropriate, includes a proportion of directly attributable overheads.

Deferred Taxation

A deferral of Corporation Tax has arisen due to the different basis on which profits are arrived at for taxation purposes as compared to the basis on which profits are stated in these financial statements. Provision has been made for this taxation to the extent to which it is considered likely to become payable in the foreseeable future and at the rate eventually expected to be charged.

Foreign Exchange

Transactions in foreign currencies have been translated at the rate prevailing at the date of the transaction; the closing balances of monetary assets and liabilities denominated in a foreign currency have been translated at the rate prevailing on the Balance Sheet date. All profits and losses arising on exchange have been recognised in the Profit and Loss Account.

Knight Farm Machinery Limited

Notes To The Financial Statements

For The Year Ended 31st March 1998

Leasing

Leasing rentals payable on agreements which transfer substantially all the risks and rewards associated with ownership to the lessee (finance leases) are capitalised within Fixed Assets, and the obligation to pay future rentals included in creditors as a liability. The interest charges implicit in such a lease are written off to the Profit and Loss Account in proportion to the balance outstanding during the year.

All other leasing rentals (operating leases) are written off to the Profit and Loss Account as incurred.

Pension Costs

Pension costs are recognised in the Profit and Loss Account in order to provide a systematic and rational charge over the periods from which benefits are derived from employees services.

2. Operating Profit

	1998 £	1997 £
This is stated after charging:		
Directors' emoluments	78,844	69,338
Company contributions to money purchase schemes in relation to directors' pensions	20,000	44,500
Total directors' emoluments	98,844	113,838
Auditors' remuneration and expenses	14,802	8,810
Depreciation and amortisation of owned assets	52,557	49,674
Hire of plant and machinery - operating leases	593	138

3. Directors' Emoluments

	1998 £	1997 £
Directors' emoluments	78,844	69,338
Company contributions to money purchase schemes in relation to directors pensions	20,000	44,500

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

4. Staff Costs

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and Salaries	685,235	680,330
Social Security	65,583	67,161
Other pension costs	20,000	44,500
	<u>£770,818</u>	<u>£791,991</u>

5. Interest Payable

	1998 £	1997 £
Interest payable - bank loans and overdraft and other loans repayable within five years	-	37
	<u> </u>	<u> </u>

6. Taxation On Profit On Ordinary Activities

	1998 £	1997 £
Current period:		
United Kingdom Corporation Tax	48,716	130,773
Deferred Taxation	-	(34,841)
Prior years:		
United Kingdom Corporation Tax under provided	34,841	26,320
	<u>£ 83,557</u>	<u>£122,252</u>

7. Dividends

	1998 £	1997 £
Non Equity Preference Dividend - paid	35,000	-
	<u> </u>	<u> </u>

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

8. Tangible Fixed Assets

	Land And Buildings £	Plant And Machinery £	Fixtures And Fittings £	Motor Vehicles £	Total £
Cost:					
At 1st April 1997	251,957	129,135	110,322	78,981	570,395
Additions	152,590	-	1,690	41,310	195,590
Disposals	-	-	-	(20,292)	(20,292)
At 31st March 1998	404,547	129,135	112,012	99,999	745,693
Depreciation:					
At 1st April 1997	46,822	60,208	38,524	47,929	193,483
Charge for the period	12,072	10,339	12,734	17,413	52,558
On disposals	-	-	-	(17,582)	(17,582)
At 31st March 1998	58,894	70,547	51,258	47,760	228,459
Net book value:					
At 31st March 1998	£345,653	£ 58,588	£ 60,754	£ 52,239	£517,234
At 31st March 1997	£205,135	£ 68,927	£ 71,798	£ 31,052	£376,912

The net book value of land and buildings at 31st March 1998 comprised:

	Cost And Valuation £	Depreciation £	Total £
Freehold	341,384	29,060	312,324
Short Leasehold	63,163	29,834	33,329
	404,547	58,894	345,653

9. Stocks

	1998 £	1997 £
Raw materials	314,255	332,389
Work in progress	73,402	83,828
	£387,657	£416,217

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

10. Debtors

	1998 £	1997 £
Due within one year:		
Trade debtors	254,379	589,858
Taxation	6,469	26,239
Prepayments	53,255	16,539
	<u>£314,103</u>	<u>£632,636</u>
Due after one year:		
Other debtors	-	8,602
	<u>£314,103</u>	<u>£641,238</u>

11. Creditors - Amounts Falling Due Within One Year

	1998 £	1997 £
Trade creditors	152,936	282,684
Other creditors	21,320	14,381
Corporation tax	55,185	130,772
Other taxes and social security	64,549	64,891
Accruals and deferred income	14,895	15,267
	<u>£ 308,885</u>	<u>£ 507,995</u>

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

12. Share Capital

	1998 £	1997 £
Authorised		
Ordinary shares of £1 each	100	100
7% (Net) Cumulative Non-Redeemable Preference	500,000	500,000
	<u>500,100</u>	<u>500,100</u>
	<u>£</u>	<u>£</u>
Allotted, Called Up And Fully Paid		
Ordinary shares of £1 each	100	100
7% (Net) Cumulative Non-Redeemable Preference	500,000	500,000
	<u>500,100</u>	<u>500,100</u>
	<u>£</u>	<u>£</u>

The 7% Cumulative Non-Redeemable Preference Shares do not hold any voting rights, but are paid off at par in the event of a winding up in priority to any repayment on the Ordinary Shares.

13. Profit And Loss Account

	1998 £
Balance at 1st April 1997	750,885
Profit retained for the year	176,899
	<u>£ 927,784</u>

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

14. Reconciliation Of Movements In Shareholders' Funds

	1998 £	1997 £
Profit for the financial year	211,899	383,545
Dividends	35,000	-
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Retained profit for the year	176,899	383,545
Purchase of own shares	-	(500,000)
New share capital subscribed	-	500,000
Shareholders' funds at 1st April 1997	1,250,985	867,439
	<hr/>	<hr/>
Shareholders' funds at 31st March 1998	£1,427,884	£1,250,984
	<hr/>	<hr/>
Analysed as follows:		
Equity Interests	927,884	750,984
Non Equity Interests	500,000	500,000
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Total shareholders' funds at 31st March 1998	£1,427,884	£1,250,984
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**15. Reconciliation Of Operating Profit
To Net Cash Inflow From Operating Activities**

	1998 £	1997 £
Operating profit	267,182	491,083
Depreciation charges	52,557	49,674
Loss on sale of tangible fixed assets	710	-
Decrease/(Increase) in stocks	28,560	(200,865)
Decrease/(Increase) in debtors	307,365	(63,248)
(Decrease)/Increase in creditors	(124,086)	77,459
	<hr/>	<hr/>
Net cash flow from operating activities	£ 532,288	£ 354,103
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Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

16. Gross Cash Flows

	1998 £	1998 £	1997 £
Returns On Investments And Servicing Of Finance			
Interest received	28,837		15,306
Interest paid	-		(37)
	<u>28,837</u>	<u>28,837</u>	<u>15,269</u>
Capital Expenditure			
Payments to acquire tangible fixed assets	(195,590)		(292,460)
Receipts from fixed assets disposals	2,000		-
	<u>(193,590)</u>	<u>(193,590)</u>	<u>(292,460)</u>
Issue of shares	-		500,000
Purchase of own shares	-		(500,000)

17. Reconciliation Of Net Cash Flow To Movement In Net Debt

	1998 £	1998 £	1997 £
Increase/(Decrease) in cash in the year	193,163		(25,529)
Change in net funds resulting from cash flows		193,163	(25,529)
Movement in net funds in the year		193,163	(25,529)
Net funds at 1st April 1997		324,612	350,141
Net funds at 31st March 1998		<u>£517,775</u>	<u>£324,612</u>

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

18. Analysis Of Net Fund

	Opening Balance £	Cash Flows £	Closing Balance £
Net Cash:			
Cash at bank	324,546	193,206	517,752
Cash in hand	66	(43)	23
	<u>324,612</u>	<u>193,163</u>	<u>517,775</u>
Net Fund	<u>324,612</u>	<u>193,163</u>	<u>517,775</u>

19. Obligations Under Finance Leases And Hire Purchase Contracts

The maturity of these amounts is as follows:

	1998 £	1997 £
Amounts payable:		
Between one and five years	-	6,500
After five years	75,392	75,392
	<u>75,392</u>	<u>75,392</u>

20. Pension Costs

The Company operates the Knight Farm Machinery Limited Pension Scheme. The assets of the scheme are held separately from those of the company. The scheme is a defined contribution scheme, and the directors have authorised the following payments:-

Paid in the Year - regular	£20,000
Future Commitment (reviewable)	£20,000

Knight Farm Machinery Limited
Notes To The Financial Statements
For The Year Ended 31st March 1998

21. Related Party Transactions

During the year the company engaged in transactions with (1) the Knight Farm Machinery Ltd Directors' Pension Scheme; (2) R G Knight and Son, a farming partnership in which Mr R G Knight, a director of the company is a partner; and (3) Mr B G Knight, a director of the company.

The nature of the transactions were:-

(1) The Knight Farm Machinery Ltd Directors' Pension Scheme	
Rent of Premises - payable by the company	£75,392
(2) R G Knight and Son	
Sub-contract Labour - payable by the company	£25,922
Sale of Parts - payable to the company	£3,250
(3) Mr B G Knight	
Purchase of Highfields, Great Casterton	
- payable by the company	£150,000

At the Balance Sheet date an outstanding balance existed of £3,819 due to the company from R G Knight and Son.