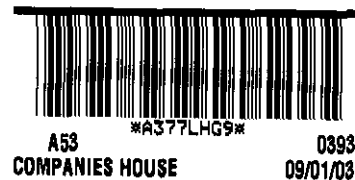


**Company number:  
1761489 (ENGLAND & WALES)**

**KNIGHT FARM MACHINERY LIMITED  
ABBREVIATED STATUTORY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**MOORE STEPHENS  
CHARTERED ACCOUNTANTS  
RUTLAND HOUSE  
MINERVA BUSINESS PARK  
LYNCH WOOD  
PETERBOROUGH  
PE2 6PZ**



# **KNIGHT FARM MACHINERY LIMITED**

## **COMPANY INFORMATION**

**Company number:** 1761489 (England & Wales)

**Directors:** R G Knight  
B G Knight

**Secretary:** B G Knight

**Registered office:** Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

**Auditors:** Moore Stephens  
Chartered Accountants  
Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

**Bankers:** Barclays Bank Plc  
46-49 Broad St  
Stamford  
Lincolnshire  
PE9 1ND

**Solicitors:** Kelham & Sons  
9 Broad St  
Stamford  
Lincolnshire  
PE9 1PY

**KNIGHT FARM MACHINERY LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

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Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
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## **AUDITORS' REPORT TO KNIGHT FARM MACHINERY LIMITED**

### **PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985.**

We have examined the abbreviated financial statements on pages 5 to 18 together with the full financial statements of Knight Farm Machinery Limited for the year ended 31 March 2002, prepared under section 226 of the Companies Act 1985.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### **Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full statutory financial statements.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) Companies Act 1985, and the abbreviated financial statements on pages 5 to 18 are properly prepared in accordance with those provisions.



Moore Stephens  
Registered Auditor  
Chartered Accountants  
Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough

7<sup>th</sup> January '03

# **KNIGHT FARM MACHINERY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2002**

The directors present their report and the financial statements for the year ended 31 March 2002.

#### **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**

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

#### **Research and 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.

#### **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 respective family interests in the share capital of the company as recorded in the register of directors' interests were as follows:

# **KNIGHT FARM MACHINERY LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2002**

	<b>2002 No.</b>	<b>2001 of shares</b>
R G Knight - Ordinary Shares	11	11
- Preference Shares	250,000	250,000
B G Knight - Ordinary Shares	50	50
- Preference Shares	250,000	250,000

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

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

Trustee holding:

As at 31 March 1999 the directors held 39 ordinary shares as trustees for the children of Mr B G and Mrs S J Knight.

### **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.

**KNIGHT FARM MACHINERY LIMITED**

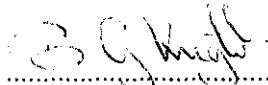
**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2002**

**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

24/12/02

Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

**KNIGHT FARM MACHINERY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
<b>Gross Profit</b>		529,981	675,344
Administrative expenses		513,617	583,733
		<u>16,364</u>	<u>91,611</u>
Other operating income		17,240	28,637
<b>Operating profit</b>	2	<u>33,604</u>	<u>120,248</u>
Other interest receivable & similar income		14,700	17,345
<b>Profit on ordinary activities before taxation</b>		<u>48,304</u>	<u>137,593</u>
Tax on profit on ordinary activities	4	<u>(3,149)</u>	<u>(25,655)</u>
<b>Profit for the financial year</b>		45,155	111,938
Dividends	5	<u>(35,000)</u>	<u>(35,000)</u>
<b>Retained profit for the year</b>		<u><u>10,155</u></u>	<u><u>76,938</u></u>

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 2002 therefore turnover and operating profit derive entirely from continued operations.

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

The annexed notes form part of these financial statements.



# KNIGHT FARM MACHINERY LIMITED

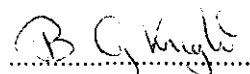
## ABBREVIATED BALANCE SHEET

AT 31 MARCH 2002

	Note	2002	2001
		£	£
<b>Fixed assets</b>			
Tangible assets	6	549,719	720,557
<b>Current assets</b>			
Stocks	7	525,528	523,243
Debtors	8	394,817	310,107
Cash at bank and in hand		431,753	355,568
		<u>1,352,098</u>	<u>1,188,918</u>
<b>Creditors</b>			
Amounts falling due within one year	9	285,839	302,730
		<u>1,066,259</u>	<u>886,188</u>
<b>Net current assets</b>			
		<u>1,615,978</u>	<u>1,606,745</u>
<b>Total assets less current liabilities</b>			
<b>Provisions for liabilities and charges</b>		-	(922)
		<u>1,615,978</u>	<u>1,605,823</u>
<b>Net assets</b>			
		<u>1,615,978</u>	<u>1,605,823</u>
<b>Capital and reserves</b>			
Called up share capital	11	500,100	500,100
Profit and loss account	12	1,115,878	1,105,723
		<u>1,615,978</u>	<u>1,605,823</u>
<b>Shareholders' funds</b>	13		
		<u>1,615,978</u>	<u>1,605,823</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 24.11.02. and signed on its behalf.

  
Director

The annexed notes form part of these financial statements.

**KNIGHT FARM MACHINERY LIMITED**

**CASHFLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
Net cash (outflow)/inflow from operating activities	14	(10,640)	73,674
Returns on investments and servicing of finance	15	(20,300)	(18,655)
Taxation		(28,784)	(41,576)
Capital expenditure	15	135,909	(66,095)
Increase/(Decrease) in cash		<u>76,185</u>	<u>(52,652)</u>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**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.

**Turnover**

Turnover represents charges to external customers exclusive of Value Added Tax and trade discounts. Royalties in respect of design work done are included within turnover when the related sales occur.

**Depreciation of fixed assets**

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% on cost
Fixtures and fittings	15% per annum reducing balance
Plant and machinery	15% per annum reducing balance
Motor vehicles	25% per annum reducing balance
Computer equipment	25% per annum reducing balance

A full years 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.

**Debtors**

Debtors are shown after providing for any amounts which in the opinion of the directors may not be collected in full.

**Deferred taxation**

Deferred tax assets and liabilities have arisen from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. In accordance with Financial Reporting Standard No.19, full provision has been made to the extent to which it is considered more likely than not to become payable/recoverable in the foreseeable future and at the rate eventually expected to be charged.

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**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.

**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**

	2002 £	2001 £
This is stated after charging:		
Directors' emoluments	92,492	82,248
in relation to directors' pensions	(16,000)	-
Total directors' emoluments	<u>76,492</u>	<u>82,248</u>
Auditors' remuneration	5,150	5,400
Depreciation of owned assets	<u>42,215</u>	<u>59,931</u>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**3. Staff costs**

The average number of persons employed by the company, including directors, during the year was as follows:

	<b>2002</b>	<b>2001</b>
Management	2	2
Administration	5	6
Production	23	26
Sales	1	1
	<u>31</u>	<u>35</u>

The aggregate payroll costs of these persons were as follows:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Wages and salaries	559,159	664,362
Social security	50,548	60,874
Other pension costs	(16,000)	-
	<u>593,707</u>	<u>725,236</u>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

4. **Taxation on profit on ordinary activities**

	2002 £	2001 £
<b>Analysis of charge in period</b>		
<b>Current tax:</b>		
UK corporation tax on profits of the period	4,071	28,784
Total current tax	<u>4,071</u>	<u>28,784</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(922)	(3,129)
Tax on profit on ordinary activities	<u>3,149</u>	<u>25,655</u>

**Factors affecting tax charge for year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	48,304	137,593
Standard UK corporation tax rate:	17.63 %	20.00 %
Profit/(loss) on ordinary activities multiplied by standard UK corporation tax rate:	8,516	27,519
Effects of:		
Permanently disallowed expenditure	198	152
Sale of investment property	(2,262)	-
Deferred tax movement	889	1,113
Pension accrual	(2,820)	-
Current tax charge for the year	<u>4,071</u>	<u>28,784</u>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**5. Dividends**

	2002 £	2001 £
Non Equity Preference Dividend - paid	-	35,000
- proposed	35,000	36,000
	<u>35,000</u>	<u>71,000</u>

**6. Tangible fixed assets**

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
At 1 April 2001	628,989	175,392	152,038	116,981	1,073,400
Additions	10,264	18,906	5,314	-	34,484
Disposals	(152,590)	(11,217)	(45,208)	-	(209,015)
At 31 March 2002	<u>486,663</u>	<u>183,081</u>	<u>112,144</u>	<u>116,981</u>	<u>898,869</u>
Depreciation:					
At 1 April 2001	96,618	103,509	92,982	59,734	352,843
Charge for the year	3,617	13,237	11,049	14,312	42,215
On disposals	-	(8,435)	(37,473)	-	(45,908)
At 31 March 2002	<u>100,235</u>	<u>108,311</u>	<u>66,558</u>	<u>74,046</u>	<u>349,150</u>
Net Book Value:					
At 31 March 2002	<u>386,428</u>	<u>74,770</u>	<u>45,586</u>	<u>42,935</u>	<u>549,719</u>
At 31 March 2001	<u>532,371</u>	<u>71,883</u>	<u>59,056</u>	<u>57,247</u>	<u>720,557</u>

**The net book value of land and buildings  
at 31 March 2002 comprised:**

	Cost and valuation £	Depreciation £	Total £
Freehold	140,660	-	140,660
Short Leasehold	121,471	100,235	21,236
Investment properties	224,532	-	224,532
	<u>486,663</u>	<u>100,235</u>	<u>386,428</u>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**7. Stocks**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Raw materials	295,853	287,691
Work in progress	31,494	61,546
Finished goods	198,181	174,006
	<u>525,528</u>	<u>523,243</u>

**8. Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Due within one year:		
Trade debtors	338,477	264,339
Prepayments	56,340	45,768
	<u>394,817</u>	<u>310,107</u>

**9. Creditors - amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade creditors	200,006	148,385
Other creditors	8,293	16,000
Corporation tax	4,071	28,784
Other taxes and social security	26,820	56,269
Accruals and deferred income	11,649	18,292
Proposed dividend	35,000	35,000
	<u>285,839</u>	<u>302,730</u>



**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**10. Provisions for liabilities and charges**

	<b>Deferred taxation £</b>
Balance at 1 April 2001	922
Utilised for the year in profit and loss account	(922)
	<hr/>
Balance at 31 March 2002	-
	<hr/> <hr/>

**11. Share capital**

	<b>2002 £</b>	<b>2001 £</b>
<b>Authorised</b>		
Ordinary shares of £1 each	100	100
7% (Net) Cumulative Non-Redeemable Preference	500,000	500,000
	<hr/>	<hr/>
	500,100	500,100
	<hr/> <hr/>	<hr/> <hr/>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	100	100
7% (Net) Cumulative Non-Redeemable Preference	500,000	500,000
	<hr/>	<hr/>
	500,100	500,100
	<hr/> <hr/>	<hr/> <hr/>

The 7% Cumulative Non-Redeemable Preference Shares do not confer 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.

**12. Profit and loss account**

	<b>2002 £</b>
Balance at 1 April 2001	1,105,723
Profit retained for the year	10,155
	<hr/>
Balance at 31 March 2002	1,115,878
	<hr/> <hr/>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**13. Reconciliation of movements in shareholders' funds**

	2002 £	2001 £
Profit for the financial year	45,155	111,938
Dividends	35,000	35,000
	<hr/>	<hr/>
Retained profit for the year	10,155	76,938
Shareholders' funds at 1 April 2001	1,605,823	1,528,885
	<hr/>	<hr/>
Shareholders' funds at 31 March 2002	1,615,978	1,605,823
	<hr/> <hr/>	<hr/> <hr/>

**14. Reconciliation of operating profit  
to net cash (outflow)/inflow from operating activities**

	2002 £	2001 £
Operating profit	33,604	120,248
Depreciation charges	42,215	59,931
Profit on sale of tangible fixed assets	(7,286)	(986)
(Increase)/Decrease in stocks	(2,285)	5,567
Increase in debtors	(84,710)	(45,654)
Increase/(Decrease) in creditors	7,822	(62,303)
(Decrease) in provisions	-	(3,129)
	<hr/>	<hr/>
Net cash flow from operating activities	(10,640)	73,674
	<hr/> <hr/>	<hr/> <hr/>

**15. Gross cash flows**

	2002 £	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>			
Interest received	14,700		17,345
Preference dividend paid	(35,000)		(36,000)
	<hr/>		<hr/>
		(20,300)	(18,655)
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(34,484)		(78,545)
Receipts from fixed assets disposals	170,393		12,450
	<hr/>		<hr/>
		135,909	(66,095)
		<hr/> <hr/>	<hr/> <hr/>

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

16. **Reconciliation of net cash flow to movement in net debt**

	2002 £	2002 £	2001 £
Increase/(Decrease) in cash in the year	76,185		(52,652)
Change in net funds resulting from cash flows		76,185	(52,652)
<b>Movement in net funds in the year</b>		76,185	(52,652)
<b>Net funds at 1 April 2001</b>		355,568	408,220
<b>Net funds at 31 March 2002</b>		431,753	355,568

17. **Analysis of net fund**

	Opening balance £	Cash flows £	Closing balance £
<b>Net cash:</b>			
Cash at bank	355,344	76,302	431,646
Cash in hand	224	(117)	107
	355,568	76,185	431,753
<b>Net fund</b>	355,568	76,185	431,753

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**18. Leasing commitments**

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as detailed below:

	<b>Land and buildings 2002 £</b>	<b>Land and buildings 2001 £</b>
Operating leases which expire:		
In more than one year	75,392	75,392
	<u>75,392</u>	<u>75,392</u>

**19. Pension costs**

Both directors are members of 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. The company operated a defined contribution scheme in respect of both directors. The assets of the scheme are held separately from those of the company in an independently administered fund. No contributions were made during this or the previous year. Accrued pension contributions of £16,000 were written off during the year.

**20. Related party transactions**

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

During the year, the company paid property rent to the pension scheme amounting to £75,390.

R G Knight and Son paid rent for land to the company amounting to £5,997. Further payments for parts amounting to £152 were also made.

There were no amounts outstanding at the year end.

**KNIGHT FARM MACHINERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2002**

21. **Ultimate controlling party**  
The company is under the control of Mr B G Knight.