

KNIGHT FARM MACHINERY LIMITED

(REGISTERED NO 1761489)

ABBREVIATED ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1996

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MOORE STEPHENS

THE GREY HOUSE

3 BROAD STREET

STAMFORD PE9 1PB



AUDITORS' REPORT TO KNIGHT FARM MACHINERY LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the full financial statements of Knight Farm Machinery Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 March 1996.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31 March 1996 and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with that Schedule.

Other Information

On 24 January 1997 we reported, as auditors of Knight Farm Machinery Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 March 1996 and our audit report was as follows:-

We have audited the financial statements set out on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

The Grey House
3 Broad Street
STAMFORD
Lincs
PE9 1PB

Date: 24 January 1997



MOORE STEPHENS
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

KNIGHT FARM MACHINERY LIMITED**BALANCE SHEET AT 31ST MARCH 1996**

	Notes	1996	1995
Fixed Assets			
Tangible Assets	1e, 2	134,127	161,861
Current Assets			
Stocks	1c	215,352	142,810
Debtors	1h	539,643	284,094
Corporation Tax Recoverable Within One Year		14,175	-
Cash at Bank and in Hand		<u>350,141</u>	<u>394,143</u>
		1,119,311	821,047
Corporation Tax Recoverable After More Than One Year		<u>12,108</u>	<u>-</u>
		1,131,419	821,047
Less Creditors: Amounts falling due within one Year		<u>398,107</u>	<u>238,887</u>
Net Current Assets		<u>733,312</u>	<u>582,160</u>
Total Assets Less Current Liabilities		867,439	744,021
Provision for Liabilities and Charges		<u>-</u>	<u>11,501</u>
		<u>£867,439</u>	<u>£732,520</u>
Represented by Capital and Reserves			
Called Up Share Capital	3	100	100
Profit and Loss Account		<u>867,339</u>	<u>732,420</u>
Total Equity Shareholders' Funds		<u>£867,439</u>	<u>£732,520</u>

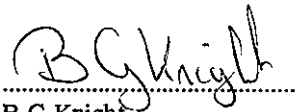
The directors have taken advantage of the exemptions conferred on small companies by the Companies Act 1985, Schedule 8, Part III. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the exemptions.

These accounts have been prepared taking advantage of the exemptions provided by Part I of Schedule 8 of the Companies Act 1985, on the grounds that in the Directors opinion, the Company is entitled to those exemptions as a Small Company.

Approved by the Board of Directors

on 24 January 1997

and signed on their behalf by:

 - Director
B G Knight

KNIGHT FARM MACHINERY LIMITED

NOTES ON ACCOUNTS TO 31ST MARCH 1996

1. Accounting Policies

- a. These accounts have been prepared under the Historical Cost Convention.
- b. **Turnover** represents charges to external customers exclusive of Value Added Tax and trade discounts.
- c. **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.
- d. **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.
- e. **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	2% pa on cost
Plant and Machinery	15% pa on reducing balance
Fixtures and Fittings	25% pa on reducing balance
Motor Vehicles	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.
- f. **Leasing Rentals** payable on agreements which transfer substantially all the risks and rewards associated with ownership to the lessee are capitalised within Fixed Assets, and the obligation to pay future rentals are included in Creditors as a liability. The finance 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.
- g. **Foreign Currency Transactions** are translated into sterling at the rate ruling at the transaction date. Material balances in foreign currency are translated at the rate ruling at the Balance Sheet Date. Differences on exchange are charged or credited in the Profit and Loss Account.
- h. **Debtors** are shown after providing for any amounts which the Directors consider may not be collected in full.
- i. **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. Premiums paid in excess of contracted obligations are written off in the year of payment unless they reduce future commitments.
- j. **Cash Flow Statement**
The Company has taken advantage of the exemption contained within Financial Reporting Standard No 1 from the requirement to prepare a Cash Flow Statement on the grounds that it qualifies as a Small Company as defined by Section 247 of the Companies Act 1985.

KNIGHT FARM MACHINERY LIMITED

NOTES ON ACCOUNTS (Continued)

NOTES SUPPLEMENTING THE BALANCE SHEET

2. Fixed Assets

	Tangible Assets
Cost:	
At 1st April 1995	270,310
Additions during the Year	45,614
Disposals during the Year	<u>(37,991)</u>
At 31st March 1996	<u>£277,933</u>
Depreciation:	
At 1st April 1995	108,449
Elimination resulting from Disposals	(23,010)
Charge for the Year	<u>58,367</u>
At 31st March 1996	<u>£143,806</u>
Net Book Value:	
At 31st March 1996	<u>£134,127</u>
At 31st March 1995	<u>£161,861</u>

3. Share Capital

	Authorised		Allotted and Fully Paid	
	1996	1995	1996	1995
Ordinary Shares of £1 each	<u>£ 100</u>	<u>£ 100</u>	<u>£ 100</u>	<u>£ 100</u>