

KNIGHT FARM MACHINERY LIMITED

(REGISTERED NO: 1761489)

ABBREVIATED ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1997

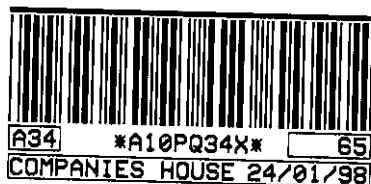
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MOORE STEPHENS

THE GREY HOUSE

3 BROAD STREET

STAMFORD PE9 1PB



AUDITORS' REPORT TO KNIGHT FARM MACHINERY LIMITED**PURSUANT TO SECTION 247B 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 1997.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing abbreviated accounts in accordance with section 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the Company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that section.

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 deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of that Act, in respect of the year ended 31 March 1997, and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with that section.

The Grey House
3 Broad Street
STAMFORD
Lincs
PE9 1PB

Date: 22nd January 1998



MOORE STEPHENS
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

KNIGHT FARM MACHINERY LIMITED

BALANCE SHEET AT 31ST MARCH 1997

	Notes	1997	1996
Fixed Assets			
Tangible Assets	1f, 2	376,913	134,127
Current Assets			
Stocks	1d	416,217	215,352
Debtors	1i	606,397	539,643
Corporation Tax Recoverable Within One Year		26,239	14,175
Cash at Bank and in Hand		<u>324,612</u>	<u>350,141</u>
		1,373,465	1,119,311
Corporation Tax Recoverable After More Than One Year		<u>8,602</u>	<u>12,108</u>
		1,382,067	1,131,419
Less Creditors:			
Amounts falling due within One Year		<u>507,995</u>	<u>398,107</u>
Net Current Assets		<u>874,072</u>	<u>733,312</u>
Total Assets Less Current Liabilities		<u>£1,250,985</u>	<u>£ 867,439</u>
Represented by Capital and Reserves			
Called up Share Capital	3	500,100	100
Profit and Loss Account		<u>750,885</u>	<u>867,339</u>
Total Shareholders' Funds (including non-Equity Interests)		<u>£1,250,985</u>	<u>£ 867,439</u>

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Signed B G Knight - Director
B G Knight

Date 21/1/98

KNIGHT FARM MACHINERY LIMITED

NOTES ON ACCOUNTS TO 31ST MARCH 1997

1. Accounting Policies

- a. These accounts have been prepared under the Historical Cost Convention.
- b. **Accounting Standards**
These accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.
- c. **Gross Profit** represents Turnover less Cost of Sales.
- d. **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.
- e. **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.
- f. **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% pa on cost
Plant and Machinery	15% pa on reducing balance
Fixtures and Fittings	15% pa on reducing balance
Motor Vehicles	25% 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.
- g. **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 are 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.
- h. **Foreign Currency Transactions**
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.
- i. **Debtors** are shown after providing for any amounts which the Directors consider may not be collected in full.
- j. **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.

KNIGHT FARM MACHINERY LIMITED

NOTES ON ACCOUNTS (Continued)

NOTES SUPPLEMENTING THE BALANCE SHEET

2. Fixed Assets

	Tangible Assets
Cost:	
At 1st April 1996	277,933
Additions during the Year	<u>292,461</u>
At 31st March 1997	<u>£570,394</u>
Depreciation:	
At 1st April 1996	143,806
Charge for the Year	<u>49,675</u>
At 31st March 1997	<u>£193,481</u>
Net Book Value:	
At 31st March 1997	<u>£376,913</u>
At 31st March 1996	<u>£134,127</u>

3. Share Capital (a)

	Authorised		Allotted and Fully Paid	
	1997	1996	1997	1996
Ordinary Shares of £1 each	100	100	100	100
7% (Net) Cumulative Non-Redeemable Preference Shares of £1 each	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
	<u>500,100</u>	<u>100</u>	<u>500,000</u>	<u>100</u>

(b) Shares Allotted During the Year

	1997	1996
500,000 7% (Net) Cumulative Non-Redeemable Preference Shares of £1 each	<u>500,000</u>	<u>-</u>

On 24 March 1997 an Extraordinary General Meeting was held and it was resolved to allot the Preference Shares by way of a capitalisation of retained profits. The increase in Share Capital more realistically represents the strength of the Company.

4. Related Party Transactions

During the year the Company engaged in transactions with (1) the Knight Farm Machinery Ltd Directors' Pension Scheme which is a related party by virtue of Mr B G Knight's membership of the 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.

The nature of the transactions were:-

(1) The Knight Farm Machinery Ltd Directors' Pension Scheme	
Rent of premises - payable by the Company	£37,696
Recharge of Professional Fees - payable to the Company	£5,260
(2) R G Knight and Son	
Sub-contract Labour - payable by the Company	£14,497

At the Balance Sheet date an outstanding balance exists of £6,180 due to the Company from Knight Farm Machinery Ltd Pension Scheme.