Company Registration No. 1344421

Deloitte
& Touche

STOCKS AG LIMITED
(formerly RICHARD STOCKS LIMITED)

Report and Financial Statements

31 October 2002



Deloitte & Touche LLP
Cambridge

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STOCKS AG LIMITED
(formerly RICHARD STOCKS LIMITED)

Deloitte
& Touche

REPORT AND FINANCIAL STATEMENTS 2002

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STOCKS AG LIMITED
(formerly RICHARD STOCKS LIMITED)

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A Ruston
N J Ruston
B D Johnson
R Parker

SECRETARY

B Johnson

REGISTERED OFFICE

Cromwell Road
Wisbech PE14 0SD

BANKERS

Lloyds TSB Bank plc
3 North Brink
Wisbech

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2002.

CHANGE OF COMPANY NAME

On 20 February 2002 the company changed its name to Stocks AG Limited.

ACTIVITIES

The company is principally an agricultural machinery manufacturer.

REVIEW OF DEVELOPMENTS

The company enjoyed a satisfactory year, although profitability fell back somewhat due to the costs involved with the introduction of the Agritrac System. Nevertheless, this new venture offers exciting growth potential for the company in the coming years. In anticipation, a new factory extension was completed during the year, together with additional investment in machine tools.

The company operates an employee profit sharing scheme, where a proportion of the trading profit before tax is shared with all employees in recognition of the role they play in the success of the company. The results include a total deduction of £36,546 in respect of this for the company.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are shown on page 1. None of the directors who served throughout the year had any beneficial interests in the ordinary shares of the company at the beginning and end of the year.

The interests of the directors in the shares of Ruston's Engineering Company Limited are disclosed in that company's annual report.

Approved by the Board of Directors
and signed on behalf of the Board

B. D. Johnson.

Secretary

24 July 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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 accounting standards have been followed;
- 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 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.

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& Touche

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STOCKS AG LIMITED
(formerly RICHARD STOCKS LIMITED)

We have audited the financial statements of Stocks AG Limited for the year ended 31 October 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the statement of movement on reserves, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 15. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 31 October 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

4 August 2003

Cambridge

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2002

	Note	£	2002 £	£	2001 as restated £
TURNOVER	2		2,413,870		2,445,184
Change of stocks of finished goods			31,762		(130,076)
			2,445,632		2,315,108
Other operating income			49,065		50,878
			2,494,697		2,365,986
Raw materials and consumables			(1,309,230)		(1,109,047)
			1,185,467		1,256,939
Staff costs	3	469,316		435,585	
Depreciation		38,231		29,008	
Other operating charges		383,519		457,415	
			(891,066)		(922,088)
OPERATING PROFIT	4		294,401		334,931
Bank interest receivable			9		37
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			294,410		334,968
Tax on profit on ordinary activities	5		(75,994)		(89,802)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			218,416		245,166

All activities are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 October 2002

	2002 £	2001 as restated £
Profit for the financial year being total recognised gains and losses for the year	218,416	245,166
Prior period adjustment (note 6)	(52,539)	-
Total recognised gains and losses since last report	165,877	245,166

STATEMENT OF MOVEMENT ON RESERVES
Year ended 31 October 2002

	Share premium account £	Profit and loss account £
Balance at 1 November 2001 as previously reported	183,697	1,987,194
Prior period adjustment (note 6)	-	(52,539)
As restated	183,697	1,934,655
Profit for the year	-	218,416
Balance at 31 October 2002	183,697	2,153,071

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 October 2002

	2002 £	2001 as restated £
Opening shareholders' funds at 1 November 2001 as restated	2,231,837	1,986,671
Profit for the year	218,416	245,166
Closing shareholders' funds at 31 October 2002	2,450,253	2,231,837

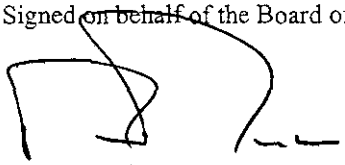
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BALANCE SHEET
31 October 2002

	Note	2002 £	2001 as restated £
FIXED ASSETS			
Tangible assets	7	782,875	559,247
CURRENT ASSETS			
Stocks	8	533,421	391,063
Debtors	9	1,555,784	1,683,705
Cash at bank and in hand		179	77
		2,089,384	2,074,845
CREDITORS: amounts falling due within one year	10	356,145	344,725
NET CURRENT ASSETS		1,733,239	1,730,120
TOTAL ASSETS LESS CURRENT LIABILITIES		2,516,114	2,289,367
PROVISIONS FOR LIABILITIES AND CHARGES	11	(65,861)	(57,530)
		2,450,253	2,231,837
CAPITAL AND RESERVES			
Called up share capital	12	113,485	113,485
Share premium account		183,697	183,697
Profit and loss account		2,153,071	1,934,655
EQUITY SHAREHOLDERS' FUNDS		2,450,253	2,231,837

These financial statements were approved by the Board of Directors on 24 July 2003.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS
Year ended 31 October 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

No depreciation is provided on freehold land. Other fixed assets are depreciated so as to write off their cost over their estimated useful lives as follows:

Freehold buildings	2% on cost
Motor vehicles	20% on written down value
Office equipment:	
General items	15% on written down value
Short life items	20% or 33% on cost
Plant and machinery:	
General items	15% on written down value
Short life items	20% on cost
Small tools:	
General items	20% on written down value
Short life items	20%, 33% or 50% on cost

Stocks

Stocks of materials are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The company operates several defined contribution schemes open to selected full time employees.

The pension costs represent the amount of contributions payable to the pension schemes which are held in separate trustee administered funds, in respect of the accounting period.

Research and development

Expenditure on research and development is written off against profits in the accounts in the year in which it is incurred.

Foreign currencies

Transactions of the company denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS
Year ended 31 October 2002

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax.

	2002 £	2001 £
The geographical analysis of turnover is:		
United Kingdom	1,376,400	1,480,289
Europe	1,007,709	944,366
Other	29,761	20,529
	2,413,870	2,445,184

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments		
Management remuneration (including profit sharing arrangements and taxable benefits)	89,955	86,153
Ex gratia payment	-	8,000
Money purchase pension contributions	3,000	2,805
	92,955	96,958

	No	No
Number of directors who are members of money purchase pension schemes	2	2

Average number of persons employed		
Production	13	10
Sales and distribution	5	5
Administration	4	4
	22	19

	£	£
Staff costs during the year (including directors)		
Wages and salaries	416,445	387,797
Social security costs	39,003	36,428
Pension costs	13,868	11,360
	469,316	435,585

4. OPERATING PROFIT

	2001 £	2001 £
Operating profit is after charging :		
Loss on sale of fixed assets	1	629
Auditors' remuneration	4,500	4,550

NOTES TO THE ACCOUNTS
Year ended 31 October 2002

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 as restated £
Current taxation		
United Kingdom corporation at 30% (2001 - 30%) being total current tax charge	67,663	84,998
Deferred taxation		
Origination and reversal of timing differences	8,236	4,804
Adjustments to prior years' tax provisions	95	-
	75,994	89,802

The tax assessed for the year differs to the amount resulting from applying the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 %	2001 %
Standard rate of tax for year as a percentage of profit	30	30
Effect of:		
Timing differences	(3)	(2)
Marginal relief	(4)	(3)
Current tax rate for year as a percentage of profit	23	25

6. PRIOR PERIOD ADJUSTMENT

The prior period adjustment of £52,539 relates to the implementation of FRS 19, Deferred Tax, whereby full deferred tax provision is required to be made in respect of timing differences as explained in note 1. The prior period adjustment has resulted in a charge in the profit and loss accounts in respect of the accounting period ended 31 October 2001 of £4,590 and a charge in respect of earlier periods of £47,949.

NOTES TO THE ACCOUNTS
Year ended 31 October 2002

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost					
At 1 November 2001	516,962	204,508	41,810	68,553	831,833
Additions	201,705	44,336	9,374	6,959	262,374
Disposals	-	-	(7,194)	(762)	(7,956)
At 31 October 2002	718,667	248,844	43,990	74,750	1,086,251
Accumulated depreciation					
At 1 November 2001	47,171	154,910	14,276	56,229	272,586
Charge for the year	11,001	14,117	7,159	5,954	38,231
Disposals	-	-	(6,680)	(761)	(7,441)
At 31 October 2002	58,172	169,027	14,755	61,422	303,376
Net book value					
At 31 October 2002	660,495	79,817	29,235	13,328	782,875
At 31 October 2001	469,791	49,598	27,534	12,324	559,247

8. STOCKS

	2002 £	2001 £
Raw materials and consumables	367,973	257,377
Finished goods	165,448	133,686
	533,421	391,063

9. DEBTORS

	2002 £	2001 £
Trade debtors	316,029	408,751
Amounts owed by parent company	1,188,112	1,227,209
Amounts owed by fellow subsidiary	434	434
Other debtors	21,733	10,517
Prepayments and accrued income	29,476	36,794
	1,555,784	1,683,705

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	5,021	2,175
Trade creditors	203,079	172,634
Corporation tax	67,663	84,998
Other taxes and social security	13,866	14,772
Other creditors	37,734	54,987
Accruals and deferred income	28,782	15,159
	356,145	344,725

The bank overdraft is secured by a legal charge over the company's freehold land and buildings and an unlimited debenture dated 28 January 1995.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	2001 as restated £
Deferred taxation		
Balance at 1 November 2001	57,530	52,726
Provision - current year	8,236	4,804
- prior year	95	-
Balance at 31 October 2002	65,861	57,530

The amounts of deferred taxation provided in the accounts and not provided are as follows:

	Provided 2002 £	Provided 2001 as restated £	Not provided 2002 £	Not provided 2001 as restated £
Capital allowances in advance of depreciation	69,880	60,442	-	-
Short term timing differences	(4,019)	(2,912)	-	-
Capital losses carried forward	-	-	(11,217)	(11,217)
	65,861	57,530	47,187	(11,217)

The unprovided deferred tax asset will be utilised by offset against future capital gains.

NOTES TO THE ACCOUNTS
Year ended 31 October 2002

12. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Called up, allotted and fully paid		
113,485 ordinary shares of £1 each	113,485	113,485

13. CONTINGENT LIABILITIES

There is a contingent liability in respect of a cross guarantee given to Lloyds TSB Bank Plc regarding bank borrowing of Ruston Engineering Company Limited, amounting to £353,672 (2001 - £222,421) at the balance sheet date.

Assets purchased but not paid for at the year end total £18,410 (2001 - £nil). Future payments relating to the purchase of the Agritrac patent total £18,000 (2001 - £30,000).

14. RELATED PARTY TRANSACTIONS

In the ordinary course of business the company has traded with its ultimate parent company Ruston's Engineering Company Limited and other group companies. The company is exempt from disclosing details of these transactions because copies of the ultimate parent company's group financial statements are publicy available.

15. ULTIMATE PARENT COMPANY

The ultimate parent company and immediate controlling party of Stocks AG Limited is Ruston's Engineering Company Limited, a company incorporated in England and Wales. Copies of the group accounts of Ruston's Engineering Company Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.