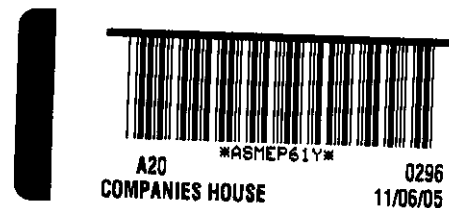


COMPANY REGISTRATION NUMBER 02065708

FENTONS OF BOURNE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



DEXTER & SHARPE
Chartered Certified Accountants & Registered Auditors
The Old Vicarage
Church Close
Boston
Lincolnshire
PE21 6NE

FENTONS OF BOURNE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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The following pages do not form part of the financial statements

Detailed profit and loss account	19
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FENTONS OF BOURNE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	M G Bellamy G N Bellamy
Company secretary	G N Bellamy
Registered office	Kates Bridge Thurlby Bourne Lincs PE10 0EN
Auditors	Dexter & Sharpe Chartered Certified Accountants & Registered Auditors The Old Vicarage Church Close Boston Lincolnshire PE21 6NE

FENTONS OF BOURNE LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of dealers and engineers in agricultural and industrial machinery.

The directors are disappointed with the results achieved in the year but were anticipated in light of the current agricultural economic climate. The directors do however look to the future with confidence.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004	2003
	£	£
Dividends paid on ordinary shares	<u>12,000</u>	<u>6,000</u>

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 December 2004	1 January 2004
M G Bellamy	5,000	5,000
G N Bellamy	<u>7,000</u>	<u>7,000</u>

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

FENTONS OF BOURNE LIMITED

THE DIRECTORS' REPORT *(continued)*

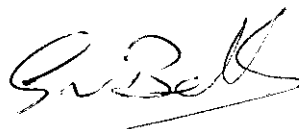
FOR THE YEAR ENDED 31 DECEMBER 2004

AUDITORS

A resolution to re-appoint Dexter & Sharpe as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Kates Bridge
Thurlby
Bourne
Lincs
PE10 0EN

Signed by order of the directors



G N BELLAMY
Company Secretary

Approved by the directors on 9 May 2005

FENTONS OF BOURNE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FENTONS OF BOURNE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Fentons of Bourne Limited for the year ended 31 December 2004 on pages 6 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

FENTONS OF BOURNE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FENTONS OF BOURNE LIMITED *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



DEXTER & SHARPE
Chartered Certified Accountants
& Registered Auditors

The Old Vicarage
Church Close
Boston
Lincolnshire
PE21 6NE

9 May 2005

FENTONS OF BOURNE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER	2	1,187,379	1,222,927
Cost of sales		<u>1,023,705</u>	<u>1,041,169</u>
GROSS PROFIT		163,674	181,758
Distribution costs		34,243	59,812
Administrative expenses		146,249	142,400
Other operating income	3	<u>(40,986)</u>	<u>(60,146)</u>
OPERATING PROFIT	4	24,168	39,692
Profit on disposal of fixed assets	7	—	5,268
		<u>24,168</u>	<u>44,960</u>
Interest payable and similar charges	8	3,879	5,055
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>20,289</u>	39,905
Tax on profit on ordinary activities	9	3,820	8,324
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>16,469</u>	31,581
Dividends	10	12,000	6,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>4,469</u>	<u>25,581</u>
Balance brought forward		<u>129,386</u>	103,805
Balance carried forward		<u><u>133,855</u></u>	<u><u>129,386</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

FENTONS OF BOURNE LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
Profit for the financial year	16,469	31,581
Dividends	<u>(12,000)</u>	<u>(6,000)</u>
	4,469	25,581
Opening shareholders' equity funds	<u>218,845</u>	<u>193,264</u>
Closing shareholders' equity funds	<u><u>223,314</u></u>	<u><u>218,845</u></u>

FENTONS OF BOURNE LIMITED

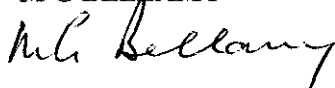
BALANCE SHEET

AS AT 31 DECEMBER 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS					
Tangible assets	11		120,588		125,470
CURRENT ASSETS					
Stocks	12	183,015		200,127	
Debtors	13	108,341		114,830	
Cash in hand		383		218	
		<u>291,739</u>		<u>315,175</u>	
CREDITORS: Amounts falling due within one year	14	<u>184,431</u>		<u>217,188</u>	
NET CURRENT ASSETS			<u>107,308</u>		<u>97,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>227,896</u>		<u>223,457</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17		4,582		4,612
			<u>223,314</u>		<u>218,845</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		12,000		12,000
Revaluation reserve			77,459		77,459
Profit and loss account			133,855		129,386
SHAREHOLDERS' FUNDS			<u>223,314</u>		<u>218,845</u>

These financial statements were approved by the directors on the 9 May 2005 and are signed on their behalf by:

M G BELLAMY



G N BELLAMY



FENTONS OF BOURNE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004		2003	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		36,768		30,829
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(3,323)		(2,968)	
Interest element of finance leases and similar	<u>(556)</u>		<u>(2,087)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(3,879)		(5,055)
TAXATION		(10,839)		(2,796)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(3,068)		(18,783)	
Receipts from sale of fixed assets	<u>—</u>		<u>53,423</u>	
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE		(3,068)		34,640
EQUITY DIVIDENDS PAID		(12,000)		(6,000)
CASH INFLOW BEFORE FINANCING		6,982		51,618
FINANCING				
Capital element of finance leases and similar	<u>(13,000)</u>		<u>(2,695)</u>	
NET CASH OUTFLOW FROM FINANCING		(13,000)		(2,695)
(DECREASE)/INCREASE IN CASH		<u>(6,018)</u>		<u>48,923</u>

FENTONS OF BOURNE LIMITED

CASH FLOW STATEMENT *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2004

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating profit	24,168	39,692
Depreciation	7,950	8,002
Decrease/(increase) in stocks	17,112	(50,108)
Decrease in debtors	6,489	10,649
(Decrease)/increase in creditors	(18,951)	22,594
Net cash inflow from operating activities	36,768	30,829

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004	2003
	£	£
(Decrease)/increase in cash in the period	(6,018)	48,923
Cash outflow in respect of finance leases and similar	13,000	2,695
	6,982	51,618
Change in net debt	6,982	51,618
Net debt at 1 January 2004	(56,380)	(107,998)
Net debt at 31 December 2004	(49,398)	(56,380)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2004	Cash flows	At 31 Dec 2004
	£	£	£
Net cash:			
Cash in hand and at bank	218	165	383
Overdrafts	(43,598)	(6,183)	(49,781)
	(43,380)	(6,018)	(49,398)
Debt:			
Finance leases and similar agreements	(13,000)	13,000	—
Net debt	(56,380)	6,982	(49,398)

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 4% Straight Line
Plant & Machinery	- 25% Reducing balance

Land is not depreciated

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	<u>1,187,379</u>	<u>1,222,927</u>

3. OTHER OPERATING INCOME

	2004 £	2003 £
Commission receivable	24,539	41,830
Contracting Income	—	10,721
Hire of Equipment	16,447	7,595
	<u>40,986</u>	<u>60,146</u>

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

4. OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Depreciation of owned fixed assets	7,950	8,002
Auditors' remuneration		
- as auditors	<u>2,100</u>	<u>2,000</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Number of sales/service staff	6	6
Number of parts distribution staff	1	2
Number of administrative staff	2	2
Number of management staff	2	2
	<u>11</u>	<u>12</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	142,597	165,901
Social security costs	1,556	2,248
Other pension costs	8,112	8,142
	<u>152,265</u>	<u>176,291</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	<u>23,347</u>	<u>31,564</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

7. PROFIT ON DISPOSAL OF FIXED ASSETS

	2004	2003
	£	£
Profit on disposal of fixed assets	—	<u>5,268</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	2,433	2,886
Finance charges	556	2,087
Other similar charges payable	890	82
	<u>3,879</u>	<u>5,055</u>

9. TAXATION ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	3,850	10,839
Total current tax	3,850	10,839
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	(30)	(2,515)
Tax on profit on ordinary activities	<u>3,820</u>	<u>8,324</u>

10. DIVIDENDS

The following dividends have been paid in respect of the year:

	2004	2003
	£	£
Dividend paid on ordinary shares	<u>12,000</u>	<u>6,000</u>

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Total £
COST OR VALUATION			
At 1 January 2004	167,981	34,473	202,454
Additions	—	3,068	3,068
At 31 December 2004	<u>167,981</u>	<u>37,541</u>	<u>205,522</u>
DEPRECIATION			
At 1 January 2004	52,365	24,619	76,984
Charge for the year	4,719	3,231	7,950
At 31 December 2004	<u>57,084</u>	<u>27,850</u>	<u>84,934</u>
NET BOOK VALUE			
At 31 December 2004	<u>110,897</u>	<u>9,691</u>	<u>120,588</u>
At 31 December 2003	<u>115,616</u>	<u>9,854</u>	<u>125,470</u>

Freehold land and buildings were revalued by Wilson and Peacock (professional valuers) on the basis of open market value on 30th June 1993. Included within freehold property is land to the value of £50,000 which is not depreciated.

The valuation was made prior to the implementation of FRS15, and has not been updated as the transitional arrangements of FRS15 have been followed.

12. STOCKS

	2004 £	2003 £
Stock	181,524	195,358
Work in progress	1,491	4,769
	<u>183,015</u>	<u>200,127</u>

13. DEBTORS

	2004 £	2003 £
Trade debtors	84,020	86,700
Other debtors	12,183	15,434
Prepayments and accrued income	12,138	12,696
	<u>108,341</u>	<u>114,830</u>

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

14. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	49,781	43,598
Trade creditors	66,251	92,469
Other creditors including taxation and social security:		
Corporation tax	3,850	10,839
PAYE and social security	3,070	3,327
VAT	15,744	15,684
Finance leases and similar agreements	—	13,000
Other creditors	26,665	1,170
Directors current accounts - G N Bellamy	8,444	6,797
Directors current accounts - M G Bellamy	833	833
	<u>174,638</u>	<u>187,717</u>
Accruals and deferred income	9,793	29,471
	<u>184,431</u>	<u>217,188</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004	2003
	£	£
Bank loans and overdrafts	49,781	43,598
Hire purchase agreements	—	13,000
	<u>49,781</u>	<u>56,598</u>

15. COMMITMENTS UNDER FINANCE LEASES AND SIMILAR AGREEMENTS

Future commitments under finance leases and similar agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	—	13,000
	<u>—</u>	<u>13,000</u>

16. PENSIONS

The company operates defined contribution pension schemes, Commercial General Norwich Union Pension Scheme and Scottish Amicable Pension Scheme, for the directors and senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date there were no outstanding contributions.

FENTONS OF BOURNE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2004	2003
	£	£
Provision brought forward	4,612	7,127
Profit and loss account movement arising during the year	(30)	(2,515)
Provision carried forward	<u>4,582</u>	<u>4,612</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	4,582	4,612
	<u>4,582</u>	<u>4,612</u>

18. SHARE CAPITAL**Authorised share capital:**

	2004	2003
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>