

COMPANY REGISTRATION NUMBER 481659

## **John Folkes (Lye Forge) Limited**

### **Report and Financial Statements**

31 December 2008



# John Folkes (Lye Forge) Limited

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Registered No: 481659

## **Directors**

P M Turner

C J Folkes

## **Secretary**

P M Turner

## **Auditors**

Deloitte LLP

Four Brindleyplace

Birmingham, UK

B1 2HZ

## **Registered office**

Forge House

Dudley Road

Lye

Stourbridge

West Midlands

DY9 8EL

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

### Results and dividends

The company did not trade during the year. The profit for the year arose following the settlement of a corporate tax liability. The directors do not recommend the payment of any dividends.

### Principal activities and review of the business

The company is a holding company.

### Directors

The directors who served the company during the year were as follows:

P M Turner  
C J Folkes

The interests of C J Folkes in Folkes Holdings Limited are shown in the Directors' Report of that company.

### Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and consider that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern. Cash flow forecasts are prepared annually as part of the planning and budgeting process and are monitored and reworked monthly. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Given the present economic environment, the directors are aware of the general concern affecting the assessment of the going concern basis for all businesses and have therefore taken particular care in reviewing the going concern basis this year.

### Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## Directors' report

### Auditors

A resolution to reappoint Deloitte LLP will be put to the members at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.

By order of the board



P M Turner  
Secretary

17 August 2009

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

# **Independent auditors' report**

## **to the members of John Folkes (Lye Forge) Limited**

We have audited the financial statements of John Folkes (Lye Forge) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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**

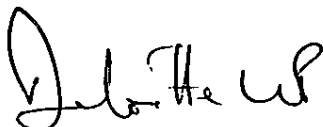
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP  
Chartered Accountants and Registered Auditors  
Birmingham, UK

18 August

2009

**Profit and loss account**  
for the year ended 31 December 2008

		2008	2007
	Notes	£	£
Administrative expense		296	-
<b>Operating profit</b>	2	296	-
Interest receivable and similar income	4	52	-
Other interest payable		-	-
<b>Profit on ordinary activities before taxation</b>		348	-
Taxation	5	(72)	-
<b>Profit retained for the financial year</b>		276	-

The profit and loss account relates to continuing activities

**Statement of total recognised gains and losses**  
for the year ended 31 December 2008

There are no recognised gains or losses attributable to the shareholders other than the profit for the year ended 31 December 2008 (2007: £nil).

# **Balance sheet** at 31 December 2008

		2008	2007
	Notes	£	£
<b>Fixed assets</b>			
Investments	6	<u>121,494</u>	<u>121,494</u>
<b>Current assets</b>			
Debtors	7	122,189	122,189
<b>Creditors:</b> amounts falling due within one year	8	<u>(1,085)</u>	<u>(1,361)</u>
<b>Net current assets</b>		<u>121,104</u>	<u>120,828</u>
<b>Total assets less current liabilities</b>		242,598	242,322
<b>Provisions for liabilities and charges</b>	9	<u>(21,868)</u>	<u>(21,868)</u>
<b>Net assets</b>		<u>220,730</u>	<u>220,454</u>
<b>Capital and reserves</b>			
Called up share capital	12	124,000	124,000
Share premium account	13	48,000	48,000
Profit and loss account	13	<u>48,730</u>	<u>48,454</u>
<b>Equity shareholders' funds</b>	13	<u>220,730</u>	<u>220,454</u>

The financial statements were approved by the board and authorised for issue on 17 August 2009.



P M Turner  
Director

17 August 2009



## Notes to the financial statements

at 31 December 2008

### 1. Accounting Policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with UK applicable accounting standards and have been applied consistently in the current and preceding year. The financial statements have been prepared on a going concern basis as discussed in the directors' report.

#### *Group financial statements*

Group financial statements have not been prepared as the company is itself a subsidiary of Folkes Holdings Limited which prepares group financial statements. The company has therefore claimed the exemption conferred by section 228 of the Companies Act 1985.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

#### *Investments*

Investments are stated at cost less provision for impairment.

#### *Related parties transactions*

The company is a wholly owned subsidiary of Folkes Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Folkes Holdings group of companies.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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, except that 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 a 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. Operating profit

This is stated after charging:

	2008 £	2007 £
Fees payable to the company's auditors for the audit of the company's annual accounts	1,000	1,000

The audit fee is borne by the company's ultimate parent undertaking, Folkes Holdings Limited.

### 3. Staff costs

The company has no employees in the current or preceding period. No directors received any remuneration during the year (2007: £nil) for their services to this company, the directors were remunerated by Folkes Holdings Limited, their ultimate parent undertaking.

## Notes to the financial statements

at 31 December 2008

### 4. Interest receivable

	2008	2007
	£	£
Other interest receivable	52	-

### 5. Taxation

#### (a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2008	2007
	£	£
<i>Current tax:</i>		
Corporation tax	72	-

#### (b) Factors affecting current tax charge

The current tax credit for the year is reconciled below:

	2008	2007
	£	£
Profit on ordinary activities before taxation	348	-
Profit on ordinary activities multiplied by the standard rate of tax of 28.5% (2007: 30%)	99	-
Effect of small companies' rate	(27)	-
Total current tax (note 2(a))	72	-

### 6 Investments

	Shares in subsidiary undertakings £
Cost:	
At 1 January 2008 and 31 December 2008	121,494

The company holds 100% of the ordinary share capital in the following subsidiary undertakings, which are registered in England and Wales.

#### *Owned directly:*

Folkes Properties Limited (Investment property developer and manager)

#### *Owned by subsidiary undertaking:*

Newbank Construction (Halesowen) Limited (Investment property developer and manager)

In the opinion of the directors the aggregate value of the company's investment in its subsidiary undertakings are not less than the aggregate of the relevant amounts included in its balance sheet.

## Notes to the financial statements

at 31 December 2008

### 7. Debtors

	2008 £	2007 £
Amounts owed by group undertakings	<u>122,189</u>	<u>122,189</u>

### 8. Creditors: amounts falling due within one year

	2008 £	2007 £
Corporation Tax	<u>1,085</u>	<u>1,361</u>

### 9. Provisions

	<i>Environ- mental</i> £
At 31 December 2007, 1 January 2008 and 31 December 2008	<u>21,868</u>

Environmental provisions have been set aside to cover the costs of remediation for a number of sites used by operating businesses; these costs are expected to be incurred during and after 2009.

### 10. Contingent liability

The Company is party to an unlimited guarantee to secure balances due to bankers by certain members of the group headed by Folkes Holdings Limited. At 31 December 2008 the secured bank borrowings were £45,621,000 (2007: £44,488,000).

### 11. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

### 12. Share capital

		2008		Authorised 2007	
		£		£	
1,500,000 Ordinary shares of £0.10 each		150,000		150,000	

		Allotted, called up and fully paid			
		2008		2007	
	No.	£		No.	£
Ordinary shares of £0.10 each	1,240,000	124,000	1,240,000	124,000	

## Notes to the financial statements

at 31 December 2008

### 13. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2007, 31 December				
2007 and 1 January 2008	124,000	48,000	48,454	220,454
Profit for the year	—	—	276	276
At 31 December 2008	<u>124,000</u>	<u>48,000</u>	<u>48,730</u>	<u>220,730</u>

### 14. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Folkes Group Limited.

The Company's ultimate parent undertaking is Folkes Holdings Limited, a company registered in England and Wales. Folkes Holdings Limited is the parent company of the only group of which the company is a member and for which group financial statements are drawn up. Consolidated accounts of the group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate controlling party is Mr CJ Folkes who has a beneficial interest in 84% of the issued share capital of Folkes Holdings Limited.