

**FOLKES FORGE LIMITED**

**STATEMENT OF ACCOUNTS**

**31 DECEMBER 1998**

**Company Number: 594898**



## **FOLKES FORGE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1998**

The Directors present their report and the audited balance sheet of the company for the year ended 31 December 1998.

The company ceased to trade in its own right on 1 January 1975. Its assets and liabilities were transferred to another member of the **FOLKES GROUP PLC** group of companies who continue to carry on the trade of manufacturing heavy steel forgings, using the company as its agent. The trading results are incorporated in the accounts of the acquiring company and consequently no Profit and Loss Account is presented.

#### **Year 2000 compliance**

It is well known that many computer and digital storage systems express dates using only the last two digits of the year. They will therefore require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and widespread commercial disruption. The operation of our business depends not only on our own computer systems but also to some degree on those of our suppliers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A programme, designed to address the impact of the Year 2000 on our business, is under way. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the board believes that it will achieve an acceptable state of readiness.

#### **Dividends**

The Directors do not propose the payment of a dividend.

#### **Directors**

Mr G Abbott was appointed a Director of Folkes Forge Limited on 1 May 1998.

The Directors who have served throughout the year and their respective beneficial interests with their families in the shares of **FOLKES GROUP PLC** according to the register kept by the company and also so far as the company has been able to ascertain, are shown in Appendix One on page 3.

The directors are under agreement with the company and are not subject to retirement.

**On behalf of the Board**

  
**R. FELLOWS**  
**SECRETARY**

22 April 1999

**FOLKES FORGE LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of affairs of the company and of the profit or loss of the company for that year.

In preparing those accounts, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently.
- b) make judgements and estimates that are reasonable and prudent.
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**FOLKES FORGE LIMITED**

We have audited the financial statements on pages 1 and 2 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 2.

**Respective responsibilities of directors and auditors.**

As described above, the 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.

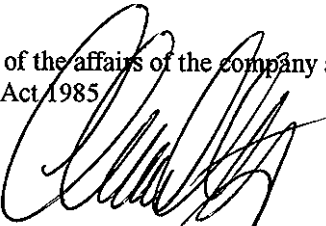
**Basis of opinion**

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 circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 affairs of the company as at 31 December 1998 and have been prepared in accordance with the Companies Act 1985.



**CLEMENT KEYS**  
Chartered Accountants  
Registered Auditors

Edgbaston  
22 April 1999

**FOLKES FORGE LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1998**

	Note	1998 £	1997 £
<b>DEBTORS</b>			
Amount due from parent company		<u>750 929</u>	<u>750 929</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2	650 000	650 000
Reserves		<u>100 929</u>	<u>100 929</u>
		<u>750 929</u>	<u>750 929</u>

The notes on page 2 form part of these accounts

These accounts were approved on 22 April 1999.

**ON BEHALF OF THE BOARD**



**R.C. FRADGLEY**  
**DIRECTOR**

## FOLKES FORGE LIMITED

### NOTES ON THE ACCOUNTS

31 DECEMBER 1998

#### 1. Accounting policies

The following accounting policies have been adopted by the Company in preparation of the accounts. :

##### Accounting convention

The accounts have been prepared under the historical cost convention and are in accordance with applicable Accounting Standards.

2. Share capital	1998 £	1997 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>
<b>Called up and fully paid</b>		
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>

#### 3. Ultimate parent undertaking

The ultimate holding company is **FOLKES GROUP PLC**, a company incorporated in England.

#### 4. Profit and loss account

The Company ceased to trade in its own right on 1st January 1975. Its assets and liabilities were transferred to another member of the FOLKES GROUP PLC group of companies who continue to carry on the trade of manufacturing heavy steel forgings using the company as its agent. The trading results are incorporated into the accounts of the acquiring company, and consequently no Profit and Loss Account is presented.

#### 5. Contingent liabilities

The company is party to an unlimited interlocking guarantee to secure balances due to bankers by certain other members of the FOLKES GROUP PLC group of companies.

# **FOLKES FORGE LIMITED**

## **APPENDIX ONE**

**31 DECEMBER 1998**

The directors who have served throughout the year and their respective beneficial interests with their families in the shares of FOLKES GROUP PLC according to the register kept by the company, and also so far as the company has been able to ascertain, were as follows:

### **Shares in FOLKES GROUP PLC**

	31 December 1998		1st January 1998 (or date of appointment)	
	Ordinary	Non-voting Ordinary	Ordinary	Non-voting Ordinary
C.J. Folkes	A Director of FOLKES GROUP PLC			
R.C. Fradgley	1 000	-	1 000	-
J.C. Farmer	-	-	150	1 600
R. Fellows	-	-	-	-
G Abbott	-	-	-	-

The interest of the Directors who are also Directors of FOLKES GROUP PLC are shown in the accounts of that company.