

FOLKES FORGE LIMITED

STATEMENT OF ACCOUNTS

31 DECEMBER 1999

Company Number: 594898



FOLKES FORGE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999

The Directors present their report and the audited balance sheet of the company for the year ended 31 December 1999.

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.

Dividends

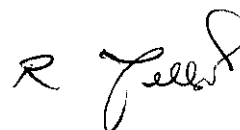
The Directors do not propose the payment of a dividend.

Directors

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

A handwritten signature in dark ink, appearing to read 'R. Fellows', written in a cursive style.

**R. FELLOWS
SECRETARY**

27 April 2000

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 1999 and have been prepared in accordance with the Companies Act 1985.

Edgbaston
27 April 2000



CLEMENT KEYS
Chartered Accountants
Registered Auditors

FOLKES FORGE LIMITED
BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £	1998 £
DEBTORS			
Amount due from parent company		<u>750 929</u>	<u>750 929</u>
CAPITAL AND RESERVES			
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 27 April 2000.

ON BEHALF OF THE BOARD



R.C. FRADGLEY
DIRECTOR

FOLKES FORGE LIMITED

NOTES ON THE ACCOUNTS

31 DECEMBER 1999

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	1999 £	1998 £
Authorised		
Ordinary shares of £1 each	<u>650 000</u>	<u>650 000</u>
Called up and fully paid		
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 1999

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 1999		1st January 1999 (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	1 501	-	-
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.