

Registered No: 2532900

SOMERS FORGE LIMITED
REPORT AND ACCOUNTS
31 DECEMBER 1999

 *Clement
Keys*



SOMERS FORGE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report together with the audited accounts for the year ended 31 December 1999.

Activities and results

The company did not trade during the year.

Directors and their interests

The directors who served during the year are as follows:

C J Folkes
F Coyle
R C Fradgley
P V Mitchell
R Fellows

C J Folkes and F Coyle are directors of Folkes Group PLC and their interests are shown in the Directors' report of that Company. R C Fradgley held 1000 Ordinary Voting Shares in Folkes Group PLC at 31 December 1999 (1 January 1999: 1000). No other director held any interest in the share capital of Folkes Group PLC

27 April 2000

By order of the Board

A handwritten signature in black ink, appearing to read 'R Fellows', written over a horizontal line.

R Fellows
Secretary

SOMERS 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 the state 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 SOMERS 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

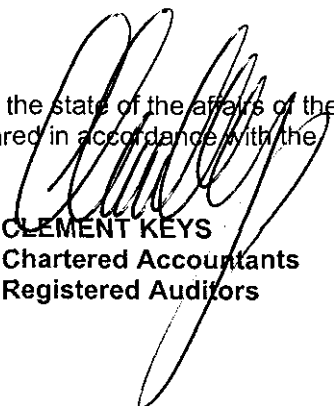
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of 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 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 properly prepared in accordance with the Companies Act 1985.

**Birmingham
27 April 2000**



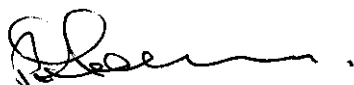
**CLEMENT KEYS
Chartered Accountants
Registered Auditors**

SOMERS FORGE LIMITED

BALANCE SHEET

31 DECEMBER 1999

Notes	1999	1998
	£	£
Creditors (amounts falling due within one year)		
- amount owed to parent undertaking	(1506423)	(1506423)
	<u> </u>	<u> </u>
Net current liabilities	(1506423)	(1506423)
	<u> </u>	<u> </u>
Total assets less current liabilities	(1506423)	(1506423)
	<u> </u>	<u> </u>
Capital and reserves		
Called up share capital	2	2
Profit and loss account	(1506425)	(1506425)
	<u> </u>	<u> </u>
	(1506423)	(1506423)
	<u> </u>	<u> </u>



R C Fradgley
Director

SOMERS FORGE LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1999

1 Accounting policies

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

Accounting convention

The accounts are 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>100</u>	<u>100</u>
Allotted issued and fully paid		
Ordinary shares of £1	<u>2</u>	<u>2</u>

3 Contingent liabilities

The Company is party to an unlimited interlocking guarantee to secure balances due to bankers by certain members of Folkes Group PLC. At 31 December 1999 the contingent liability was £3288123 (1998 £4445163). In addition the Company has given a guarantee to bankers in respect of VAT duty deferment totalling £800000 (1998 £25000) and an undertaking to bankers in respect of forward exchange contracts amounting to £Nil (1998 £323867).

As a result of group registration arrangements for value added tax the Company is jointly and severally liable, together with certain members of the group for any value added tax due by the representative members of the group.

4 Ultimate parent undertaking

The Company's ultimate parent undertaking is Folkes Group PLC, a company registered in England and Wales. Group consolidated accounts are available to the public at Forge House, Dudley Road, Lye, West Midlands.

5 Board approval

The accounts for the year were formally approved by the directors on 27 April 2000.