

Registered number: 07848738

FOLKES FORGINGS ACQUISITION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



FOLKES FORGINGS ACQUISITION LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | C J Folkes A L Folkes P M Turner C L Folkes A A Folkes P Tomlinson S J Folkes |
| Company secretary | P M Turner |
| Registered number | 07848738 |
| Registered office | Prospect Road Haywood Forge Halesowen West Midlands B62 8DZ |
| Auditor | Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT |
| Bankers | HSBC Bank plc Stourbridge West Midlands DY8 1DZ |

FOLKES FORGINGS ACQUISITION LIMITED

CONTENTS

| | Page |
|---|----------------|
| Group strategic report | 1 |
| Directors' report | 2 - 3 |
| Independent auditor's report | 4 - 5 |
| Consolidated statement of comprehensive income | 6 |
| Consolidated balance sheet | 7 |
| Company balance sheet | 8 |
| Consolidated statement of changes in equity | 9 - 10 |
| Company statement of changes in equity | 11 - 12 |
| Consolidated Statement of cash flows | 13 |
| Notes to the financial statements | 14 - 31 |

FOLKES FORGINGS ACQUISITION LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Business review

Folkes Forging Acquisition Limited is the parent company of the group comprising one trading company, Somers Forge Limited.

The group produced an operating loss for the year of £1,144,754 (2014: profit £1,512,392). Turnover of the group for the year ended 31 December 2015 has decreased from £20,059,132 to £14,027,630. The decrease in turnover reflecting the challenging marketplace of UK manufacturing.

The group continues to build to forward order load whilst maintaining a close control over expenditure, with the support of a skilled and motivated workforce.

The directors regard gross profit margin as the key performance indicator for the business. Gross profit margin of the group for the year ended 31 December 2015 was 14.2% compared to 26.2% in the previous year. The directors consider the group's position at the balance sheet date to be satisfactory and that it will enable the group to take advantage of opportunities as they arise in the coming year.

The Forging operation continues to enjoy a buoyant order book, which bodes well for 2016 and beyond.

Principal risks and uncertainties

Approach to risk

Management and the board regularly review risks facing the group. The directors consider that the principal risk factors that could affect the group's future operating profits or financial position are the volatility in the price and availability of raw material and significant changes in the market place. Contracts are entered into to agree the price of key production costs where possible to mitigate unexpected fluctuations in the market price. Long term relationships are built with suppliers to ensure continuity of supply with the market place being periodically reviewed for competitive alternatives. Production and stock management are tightly controlled to ensure that changes in the market place would not have a significant adverse effect on working capital requirements.

Foreign exchange risk

The company is exposed to the financial risks of changes in foreign currency exchange rates, although the directors do not consider these to be significant where appropriate forward contracts are used to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables. The company has no significant concentration of credit risk with exposure spread over a number of customers.

Liquidity risk

Liquidity risk is managed centrally at group level to maximise returns on deposit.

This report was approved by the board on 27 June 2016 and signed on its behalf.



PM Turner

Secretary

FOLKES FORGINGS ACQUISITION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of the group during the period were forging and drop forging manufacturers, forgemasters, die block manufacturers and steel stockholders.

Results and dividends

The loss for the year, after taxation, amounted to £696,849 (2014 - profit £1,347,948).

A dividend of £nil (2014: £5,000,000) was paid during the period and the directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

C J Folkes
A L Folkes
P M Turner
C L Folkes
A A Folkes
P Tomlinson
S J Folkes

FOLKES FORGINGS ACQUISITION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

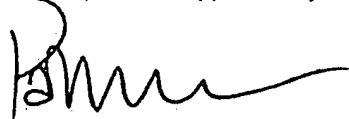
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 June 2016 and signed on its behalf.



P M Turner
Secretary

Independent auditor's report to the members of Folkes Forgings Acquisition Limited

We have audited the financial statements of Folkes Forgings Acquisition Limited for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, Consolidated Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street

Birmingham

B3 2RT

Date 27 June 2016

FOLKES FORGINGS ACQUISITION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Note | 2015 £ | 2014 £ |
|--|------|----------------------|----------------------|
| Turnover | 3 | 14,027,630 | 20,059,132 |
| Cost of sales | | (12,032,946) | (14,726,962) |
| Gross profit | | 1,994,684 | 5,332,170 |
| Distribution costs | | (853,538) | (991,623) |
| Administrative expenses | | (2,285,900) | (2,828,155) |
| Operating (loss)/profit | 4 | (1,144,754) | 1,512,392 |
| Interest receivable and similar income | 8 | 31,973 | 71,414 |
| Interest payable and expenses | 9 | (39,901) | (10,470) |
| (Loss)/profit before taxation | | (1,152,682) | 1,573,336 |
| Tax on (loss)/profit | 10 | 455,833 | (225,388) |
| (Loss)/profit for the year | | (696,849) | 1,347,948 |
| Total comprehensive income for the year | | (696,849) | 1,347,948 |
| Owners of the parent Company | | (696,849) | 1,347,948 |
| | | (696,849) | 1,347,948 |

FOLKES FORGINGS ACQUISITION LIMITED
REGISTERED NUMBER: 07848738

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

| | Note | 2015 £ | 2014 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 5,960,229 | 6,238,622 |
| | | <u>5,960,229</u> | <u>6,238,622</u> |
| Current assets | | | |
| Stocks | 15 | 6,529,344 | 5,927,640 |
| Debtors: amounts falling due within one year | 16 | 4,320,391 | 5,135,474 |
| Cash at bank and in hand | 17 | 3,432,414 | 9,299,608 |
| | | <u>14,282,149</u> | <u>20,362,722</u> |
| Creditors: amounts falling due within one year | 18 | (4,928,684) | (10,486,192) |
| Net current assets | | <u>9,353,465</u> | <u>9,876,530</u> |
| Total assets less current liabilities | | <u>15,313,694</u> | <u>16,115,152</u> |
| Creditors: amounts falling due after more than one year | 19 | (2,000,000) | (2,000,000) |
| Provisions for liabilities | | | |
| Deferred taxation | 22 | (212,931) | (317,540) |
| | | <u>(212,931)</u> | <u>(317,540)</u> |
| Net assets | | <u><u>13,100,763</u></u> | <u><u>13,797,612</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 5,714 | 5,714 |
| Merger reserve | 24 | 15,400,099 | 15,400,099 |
| Profit and loss account | 24 | (2,305,050) | (1,608,201) |
| | | <u>13,100,763</u> | <u>13,797,612</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2016.



P M Turner
Director

The notes on pages 14 to 31 form part of these financial statements.

FOLKES FORGINGS ACQUISITION LIMITED
REGISTERED NUMBER: 07848738

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

| | Note | 2015 £ | 2014 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 14 | 3,005,783 | 3,005,783 |
| | | <u>3,005,783</u> | <u>3,005,783</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 750,000 | 750,000 |
| | | <u>750,000</u> | <u>750,000</u> |
| Total assets less current liabilities | | <u>3,755,783</u> | <u>3,755,783</u> |
| Net assets | | <u><u>3,755,783</u></u> | <u><u>3,755,783</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 5,714 | 5,714 |
| Merger reserve | 24 | 3,000,069 | 3,000,069 |
| Profit and loss account | 24 | 750,000 | 750,000 |
| | | <u>3,755,783</u> | <u>3,755,783</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2016.



P M Turner
Director

FOLKES FORGINGS ACQUISITION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Share capital £ | Merger reserve £ | Retained earnings £ | Total equity £ |
|--|-----------------------|------------------------|---------------------------|-------------------|
| At 1 January 2015 | 5,714 | 15,400,099 | (1,608,201) | 13,797,612 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (696,849) | (696,849) |
| Actuarial gains on pension scheme | - | - | - | - |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | (696,849) | (696,849) |
| At 31 December 2015 | 5,714 | 15,400,099 | (2,305,050) | 13,100,763 |

FOLKES FORGINGS ACQUISITION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Share capital £ | Merger reserve £ | Retained earnings £ | Total equity £ |
|--|-----------------------|------------------------|---------------------------|-------------------|
| At 1 January 2014 | 5,714 | 15,400,099 | 2,043,851 | 17,449,664 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 1,347,948 | 1,347,948 |
| | - | - | - | - |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | 1,347,948 | 1,347,948 |
| Dividends: Equity capital | - | - | (5,000,000) | (5,000,000) |
| Total transactions with owners | - | - | (5,000,000) | (5,000,000) |
| At 31 December 2014 | 5,714 | 15,400,099 | (1,608,201) | 13,797,612 |

The notes on pages 14 to 31 form part of these financial statements.

FOLKES FORGINGS ACQUISITION LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Share capital | Merger reserve | Retained earnings | Total equity |
|---|--------------------------|---------------------------|------------------------------|---------------------|
| | £ | £ | £ | £ |
| At 1 January 2015 | 5,714 | 3,000,069 | 750,000 | 3,755,783 |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| Total transactions with owners | - | - | - | - |
| At 31 December 2015 | 5,714 | 3,000,069 | 750,000 | 3,755,783 |

FOLKES FORGINGS ACQUISITION LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Share capital | Merger reserve | Retained earnings | Total equity |
|---|------------------|-------------------|----------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2014 | 5,714 | 3,000,069 | - | 3,005,783 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,750,000 | 5,750,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | - | 5,750,000 | 5,750,000 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (5,000,000) | (5,000,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | - | - | (5,000,000) | (5,000,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2014 | 5,714 | 3,000,069 | 750,000 | 3,755,783 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 14 to 31 form part of these financial statements.

FOLKES FORGINGS ACQUISITION LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | 2015 £ | 2014 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| (Loss) / Profit for the financial year | (696,849) | 1,347,948 |
| Adjustments for: | | |
| Depreciation of tangible assets | 892,124 | 902,102 |
| Profit on disposal of tangible assets | (3,271) | (22,841) |
| (Increase) / decrease in stocks | (601,704) | 935,446 |
| Interest paid | 39,901 | (471,920) |
| Interest received | (31,973) | (71,414) |
| Taxation | (455,833) | 225,388 |
| Decrease in debtors | 1,568,467 | 1,731,388 |
| (Increase) / decrease in amounts owed by associates | (402,159) | 2,350,000 |
| Decrease in creditors | (2,227,734) | (941,129) |
| (Decrease) / Increase in amounts owed to associates | (3,329,774) | 1,525,002 |
| Net cash generated from operating activities | (5,248,805) | 7,509,970 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (620,681) | (791,406) |
| Proceeds from sale of tangible fixed assets | 10,220 | 89,521 |
| Interest received | 31,973 | 71,414 |
| Net cash from investing activities | (578,488) | (630,471) |
| Cash flows from financing activities | | |
| New secured loans | - | 2,000,000 |
| Dividends paid | - | (5,000,000) |
| Interest paid | (39,901) | 471,920 |
| Net cash used in financing activities | (39,901) | (2,528,080) |
| Net (decrease) / increase in cash and cash equivalents | (5,867,194) | 4,351,419 |
| Cash and cash equivalents at beginning of year | 9,299,608 | 4,948,189 |
| Cash and cash equivalents at the end of year | 3,432,414 | 9,299,608 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 3,432,414 | 9,299,608 |
| | 3,432,414 | 9,299,608 |

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---------------------|-----------|
| Freehold property | - 2% |
| Plant and machinery | - 5 - 25% |
| Motor vehicles | - 25% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP..

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

1.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.15 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

1.16 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Property, plant and equipment

Property, plant and equipment represents a significant proportion of the asset base of the group being 30% in 2015 (2014: 24%) of the group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the group's financial position and performance.

Estimation of useful life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement.

The useful lives of the group's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3. Analysis of turnover

| | 2015 £ | 2014 £ |
|----------|-------------------|-------------------|
| Turnover | 14,027,630 | 20,059,132 |
| | <u>14,027,630</u> | <u>20,059,132</u> |

Analysis of turnover by country of destination:

| | 2015 £ | 2014 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 9,851,398 | 16,088,180 |
| Rest of Europe | 2,490,253 | 2,355,607 |
| Rest of the world | 1,685,979 | 1,615,345 |
| | <u>14,027,630</u> | <u>20,059,132</u> |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 892,125 | 902,099 |
| Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements | 15,000 | 20,000 |
| Exchange differences | (8,055) | 7,724 |
| Defined contribution pension cost | 75,358 | 71,427 |
| | <u>892,125</u> | <u>902,099</u> |

During the year, no director received any emoluments (2014 - £NIL).

5. Auditor's remuneration

| | 2015 £ | 2014 £ |
|---|---------------|---------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | 15,000 | 20,000 |
| | <u>15,000</u> | <u>20,000</u> |

6. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2015 £ | 2014 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 4,127,787 | 4,331,799 |
| Social security costs | 398,275 | 414,089 |
| Cost of defined contribution scheme | 75,358 | 71,427 |
| | <u>4,601,420</u> | <u>4,817,315</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2015 No. | 2014 No. |
|------------------------|-------------|-------------|
| Production | 99 | 113 |
| Sales and distribution | 16 | 14 |
| Administrative | 10 | 10 |
| | <u>125</u> | <u>137</u> |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7: Directors' remuneration

The directors of the company are remunerated by Folkes Holdings Limited, a company under the control of Mr C J Folkes, a director of the company.

No director received remuneration from the company in the current or prior year.

8. Interest receivable

| | 2015 £ | 2014 £ |
|---------------------------|---------------|---------------|
| Other interest receivable | 31,973 | 71,414 |
| | <u>31,973</u> | <u>71,414</u> |

9. Interest payable and similar charges

| | 2015 £ | 2014 £ |
|-----------------------|---------------|---------------|
| Bank interest payable | 39,901 | 10,470 |
| | <u>39,901</u> | <u>10,470</u> |

10. Taxation

| | 2015 £ | 2014 £ |
|---|------------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | (151,802) | 351,224 |
| Adjustments in respect of previous periods | (199,422) | (126,291) |
| | <u>(351,224)</u> | <u>224,933</u> |
| Total current tax | <u>(351,224)</u> | <u>224,933</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (72,855) | 455 |
| Changes to tax rates | (31,754) | - |
| Total deferred tax | <u>(104,609)</u> | <u>455</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(455,833)</u> | <u>225,388</u> |

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

| | 2015 £ | 2014 £ |
|---|------------------|----------------|
| Profit on ordinary activities before tax | (1,152,682) | 1,573,336 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%) | (233,380) | 338,159 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 8,434 | 13,553 |
| Capital allowances for year in excess of depreciation | - | (1,927) |
| Adjustments to tax charge in respect of prior periods | (199,422) | (126,291) |
| Other timing differences leading to an increase (decrease) in taxation | - | 1,439 |
| Effect of change in UK tax rate | (22,661) | - |
| Prior year tax rate difference - loss carry back | (8,804) | - |
| Other differences leading to an increase (decrease) in the tax charge | - | 455 |
| Total tax charge for the year | (455,833) | 225,388 |

Factors that may affect future tax charges

The UK corporation tax rate reduced from 21% to 20% from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The rate of 18% is used for the calculation of the deferred tax position as at 31 December 2015 on the basis that it will materially reverse after 1 April 2020.

11. Dividends

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Dividends - £Nil (2014: £8.741 per share) | - | 5,000,000 |
| | - | 5,000,000 |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. Parent Company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £nil (2014: £5,750,000).

13. Tangible fixed assets

Group

| | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|-----------------------------|---------------------------|-----------------------------|------------------------|-------------------|
| Cost or valuation | | | | |
| At 1 January 2015 | 2,000,000 | 14,595,590 | 142,294 | 16,737,884 |
| Additions | - | 620,681 | - | 620,681 |
| Disposals | - | (116,791) | - | (116,791) |
| At 31 December 2015 | <u>2,000,000</u> | <u>15,099,480</u> | <u>142,294</u> | <u>17,241,774</u> |
| Depreciation | | | | |
| At 1 January 2015 | 29,167 | 10,470,095 | - | 10,499,262 |
| Charge owned for the period | 10,000 | 882,125 | - | 892,125 |
| Disposals | - | (109,842) | - | (109,842) |
| At 31 December 2015 | <u>39,167</u> | <u>11,242,378</u> | <u>-</u> | <u>11,281,545</u> |
| Net book value | | | | |
| At 31 December 2015 | <u>1,960,833</u> | <u>3,857,102</u> | <u>142,294</u> | <u>5,960,229</u> |
| At 31 December 2014 | <u>1,970,833</u> | <u>4,125,495</u> | <u>142,294</u> | <u>6,238,622</u> |

Included in freehold property is freehold land at valuation of £1,500,000 (2014 - £1,500,000), (cost £1,500,000 (2014 - £1,500,000)) which is not depreciated.

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|------------------|-------------------------------------|----------------------------|----------------|---------------------------|
| Somers Forge Ltd | UK | Ordinary | 100 % | Forging and drop forging |

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|-----------------------|-------------------------------------|----------------------------|----------------|---------------------------|
| Folkes Forgings Ltd | UK | Ordinary | 100 % | Dormant |
| Somers Steelstock Ltd | UK | Ordinary | 100 % | Dormant |
| City Forge Ltd | UK | Ordinary | 100 % | Dormant |
| Roland Metals Ltd | UK | Ordinary | 100 % | Dormant |
| CFE Stockholders Ltd | UK | Ordinary | 100 % | Dormant |
| Folkes Forge Ltd | UK | Ordinary | 100 % | Dormant |
| Clarks Crankshaft Ltd | UK | Ordinary | 100 % | Dormant |

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|-----------------------|--|----------------------------|
| Somers Forge Ltd | 13,770,820 | (696,849) |
| Folkes Forgings Ltd | (1,506,243) | - |
| Somers Steelstock Ltd | 155,150 | - |
| City Forge Ltd | 2,600 | - |
| Roland Metals Ltd | (268,651) | - |
| CFE Stockholders Ltd | (4,240) | - |
| Folkes Forge Ltd | 650,000 | - |
| Clarks Crankshaft Ltd | 2 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. Fixed asset investments (continued)

Company

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 January 2015 | 3,005,783 |
| At 31 December 2015 | 3,005,783 |
| At 31 December 2015 | - |
| Net book value | |
| At 31 December 2015 | 3,005,783 |
| At 31 December 2014 | 3,005,783 |

15. Stocks

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Raw materials and consumables | 1,862,062 | 1,567,525 | - | - |
| Work in progress (goods to be sold) | 1,825,552 | 2,151,253 | - | - |
| Finished goods and goods for resale | 2,841,730 | 2,208,862 | - | - |
| | 6,529,344 | 5,927,640 | - | - |

A group impairment loss of £6,830 (2014: £79,762) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. Debtors

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 2,486,266 | 3,800,482 | - | - |
| Amounts owed by group undertakings | - | - | 750,000 | 750,000 |
| Amounts owed by joint ventures and associated undertakings | 1,314,319 | 912,160 | - | - |
| Other debtors | 2,962 | 2,962 | - | - |
| Prepayments and accrued income | 135,393 | 376,383 | - | - |
| Corporation tax recoverable | 381,451 | 43,487 | - | - |
| | 4,320,391 | 5,135,474 | 750,000 | 750,000 |

17. Cash and cash equivalents

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 3,432,414 | 9,299,608 | - | - |
| | 3,432,414 | 9,299,608 | - | - |

18. Creditors: Amounts falling due within one year

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors | 2,021,537 | 3,254,572 | - | - |
| Amounts owed to associates | 1,779,314 | 5,109,088 | - | - |
| Taxation and social security | 180,984 | 242,418 | - | - |
| Other creditors | 19,525 | 25,018 | - | - |
| Accruals and deferred income | 927,324 | 1,855,096 | - | - |
| | 4,928,684 | 10,486,192 | - | - |

19. Creditors: Amounts falling due after more than one year

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 2,000,000 | 2,000,000 | - | - |
| | 2,000,000 | 2,000,000 | - | - |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. Loans

The bank loan of £2,000,000 (2014: £2,000,000) is secured with a first mortgage charge over the freehold property of Somers Forge known as Haywood Forge.

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Amounts falling due within one year | | | | |
| Bank loans | 2,000,000 | 2,000,000 | - | - |
| | <u>2,000,000</u> | <u>2,000,000</u> | <u>-</u> | <u>-</u> |

21. Financial instruments

| | Group 2015 £ | Group 2014 £ | Company 2015 £ | Company 2014 £ |
|---|--------------------|---------------------|----------------------|----------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 3,432,414 | 9,299,608 | - | - |
| Financial assets that are debt instruments measured at amortised cost | 3,803,547 | 4,715,604 | 750,000 | 750,000 |
| | <u>7,235,961</u> | <u>14,015,212</u> | <u>750,000</u> | <u>750,000</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (5,858,032) | (10,537,309) | - | - |
| | <u>(5,858,032)</u> | <u>(10,537,309)</u> | <u>-</u> | <u>-</u> |

FOLKES FORGINGS ACQUISITION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

22. Deferred taxation

Group

| | Deferred tax £ |
|-------------------------------|-------------------|
| At 1 January 2015 | (317,540) |
| Charged to the profit or loss | 104,609 |
| At 31 December 2015 | (212,931) |

| | Group 2015 £ | Group 2014 £ |
|--------------------------------|--------------------|--------------------|
| Accelerated capital allowances | (295,439) | (319,110) |
| Trading losses | 81,640 | - |
| Other timing difference | 868 | 1,570 |
| | (212,931) | (317,540) |

23. Share capital

| | 2015 £ | 2014 £ |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 571,441 (2014 - 571,441) Ordinary shares of £0.01 each | 5,714 | 5,714 |

24. Reserves

Merger Reserve

Excess of investment over consideration on merger

Profit and loss account

Includes all current and prior period retained profits and lodged

25. Contingent liabilities

The company is party to an unlimited guarantee to secure balances due to bankers by certain members of the group headed by Folkes Forgings Acquisitions Limited. At 31 December 2015 the secured bank borrowings were £ 2,000,000 (2014 - £2,000,000).

FOLKES FORGINGS ACQUISITION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £75,358 (2014 - £71,427). Contributions totalling £4,826 (2014 - £7,854) were payable to the fund at the balance sheet date and are included in creditors.

27. Other financial commitments

The group has four (2014 - four) foreign exchange forward exchange contracts to sell €160,000 and sell SEK 1,950,000 (2014 - buy \$1,035,300) during 2015. At the year end these contracts are showing a loss of £9,974 (2014 - loss of £9,462).

28. Related party transactions

During the year, the group entered into transactions with companies under common ownership resulting in balances being owed to the company at the year end:

| | 2015 | 2014 |
|---------------------------------------|-----------|-------------|
| | £ | £ |
| Amounts owed to Folkes Holdings Ltd | (569,395) | (3,550,610) |
| Amounts owed by Folkes Properties Ltd | 104,400 | 104,400 |

29. Controlling party

The Company's ultimate controlling party is Mr CJ Folkes who has a beneficial interest in 50.3% of the issued share capital of the company. Mr Folkes immediate family own or are beneficiaries of the remaining 49.7%.

30. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.