

CRITERION STAMPINGS LIMITED

Report and Financial Statements

31 March 2000

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



REPORT AND FINANCIAL STATEMENTS

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REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D J Greaves	(appointed 12 May 1999)
P G Jones	(appointed 12 May 1999)
S H Walters	(appointed 12 May 1999)
H C Everett	(resigned 12 May 1999)
R Tranter	
D W Haynes	(resigned 12 May 1999)
J J Arrowsmith	(resigned 12 May 1999)
J A Roberts	(resigned 1 December 1999)

SECRETARY

J J Arrowsmith	(resigned 12 May 1999)
S H Walters	(appointed 12 May 1999)

REGISTERED OFFICE

Howard Street
Hill Top
West Bromwich
B70 0SN

BANKERS

HSBC Bank plc
New Street Branch
PO Box 68
130 New Street
Birmingham
B2 4JU

SOLICITORS

George Green & Co.
195 High Street
Cradley Heath
Warley
West Midlands
B64 5HW

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 18 month period ended 31 March 2000.

ACTIVITIES

With effect from 1 October 1998, the company has been dormant. Prior to this date, the principal activity of the company was the manufacture of steel drop forgings.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 1 October 1998, the company transferred its assets and trade to British & Midland Forgings Limited, also a wholly owned subsidiary of Hill and Smith Holdings PLC. From this date the company became dormant. On 16 April 1999 ownership of the company passed to British & Midland Forgings Limited.

RESULTS AND DIVIDENDS

The results of the company for the period are set out in detail on page 5.

The directors do not recommend the payment of a final dividend for the period (Year ended 30 September 1998 - £Nil). An interim dividend was paid during the period of £494,679 (Year ended 30 September 1998 - £56,000).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are shown on page 1.

The interests of the directors of the company at 31 March 2000 in the shares of the ultimate parent company, Brockhouse Group Limited, according to the Register required to be kept by the Companies Act 1985, were as follows:

	At 31 March 2000	At 30 September 1998
'B' Ordinary shares of £1 each		
D J Greaves (appointed 12 May 1999)	24,000	-
S H Walters (appointed 12 May 1999)	24,000	-
P G Jones (appointed 12 May 1999)	24,000	-
R Tranter	-	-

AUDITORS

Deloitte & Touche were appointed auditors during the period and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



S H Walters

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- 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 MEMBERS OF

CRITERION STAMPINGS LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 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 of the state of the company's affairs as at 31 March 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

3 January 2001.

PROFIT AND LOSS ACCOUNT
18 months ended 31 March 2000

	Note	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
TURNOVER	2	-	1,116,482
Cost of sales		-	(794,886)
Reduction in value of die stocks		-	(40,920)
Gross profit		-	280,676
Distribution costs		-	(22,115)
Administrative expenses		-	(245,626)
OPERATING PROFIT	4	-	12,935
Employees' profit sharing		-	(1,436)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		-	11,499
Interest receivable	5	-	41,946
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	53,445
Tax on profit on ordinary activities	6	-	(26,140)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	27,305
Dividends	7	(494,679)	(56,000)
RETAINED LOSS FOR THE PERIOD		(494,679)	(28,695)

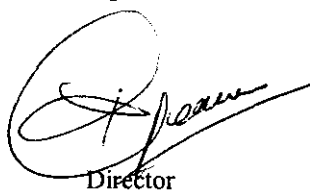
On 1 October 1998, the company's trade and assets were transferred to British & Midland Forgings Limited. From this date the company has been dormant.

BALANCE SHEET
31 March 2000

	Note	31 March 2000		30 September 1998	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	-	-	158,125	
CURRENT ASSETS					
Stocks	9	-	-	31,395	
Debtors	10	56,430		203,222	
Investments		-	-	539,374	
		<u>56,430</u>		<u>773,991</u>	
CREDITORS: amounts falling due within one year	11	-	-	(329,932)	
NET CURRENT ASSETS			<u>56,430</u>		<u>444,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			56,430		602,184
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	-	(49,610)	
ACCRUALS AND DEFERRED INCOME		-	-	(1,465)	
			<u>56,430</u>		<u>551,109</u>
CAPITAL AND RESERVES					
Called up share capital	13	56,430		56,430	
Revaluation reserve	14	-	-	24,966	
Profit and loss account	14	-	-	469,713	
SHAREHOLDERS' FUNDS	15		<u>56,430</u>		<u>551,109</u>
Attributable to equity shareholders' funds			5,130		499,809
Attributable to non-equity shareholders' funds			51,300		51,300
			<u>56,430</u>		<u>551,109</u>

These financial statements were approved by the Board of Directors on 21/12/00

Signed on behalf of the Board of Directors



Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
18 months ended 31 March 2000

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Profit for the financial period	-	27,305
Unrealised deficit on revaluation of property	-	(245,000)
Total recognised gains and losses relating to the period	-	(217,695)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
18 months ended 31 March 2000

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Profit on ordinary activities before taxation	-	53,445
Realisation of revaluation gains	24,966	-
Historical cost profit on ordinary activities before taxation	24,966	53,445
Historical cost loss for the year retained after taxation and dividends	(469,713)	(28,695)

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings.

Tangible fixed assets

Interests in land and buildings are stated at valuation or historical cost. The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets over the expected useful and economic lives of the assets concerned.

Freehold buildings are depreciated at 2% per annum. Freehold land is not depreciated.

Plant, equipment and vehicles are depreciated in accordance with prudent commercial bases, at rates calculated on the assumed lives which vary between 4 and 20 years.

Stocks

Stocks are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Pension scheme arrangements

Contributions are charged to the profit and loss account so as to spread the cost of pension evenly over the members' working lives with the company.

2. TURNOVER

The whole of the turnover and profit in the prior year is derived from the principal activity of the business carried on in the United Kingdom.

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Directors' emoluments		
Total remuneration as executives (including pension contributions)	-	39,951
	No	No
Number of directors accruing retirement benefits under a defined benefit scheme	-	5
	No	No
Average number of persons employed		
Production	-	23
Sales and distribution	-	4
Administration	-	1
	-	28
	£	£
Staff costs during the period (including directors)		
Wages and salaries	-	294,817
Social security costs	-	21,361
Other pension costs	-	7,061
	-	323,239

4. OPERATING PROFIT

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Operating profit is after charging:		
Reduction in value of die stocks	-	40,920
Depreciation and amortisation		
Owned assets	-	18,427
Rentals under operating leases		
Hire of equipment	-	7,690
Auditors' remuneration	-	3,800
Profit on sale of assets		

The sale of the company's assets to British & Midland Forgings Limited was completed on 1 October 1998. The profit on disposal was £Nil.

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

5. INTEREST RECEIVABLE

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Bank interest	-	41,946

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
United Kingdom corporation tax at 31% based on the profit for the period	-	18,000
Deferred taxation	-	10,000
	-	28,000
Adjustments to prior years' tax provisions		
Corporation tax	-	(1,860)
	-	26,140

7. DIVIDENDS

	18 months ended 31 March 2000 £	Year ended 30 September 1998 £
Ordinary shares:		
Interim paid	493,140	54,461
Preference shares:		
Interim paid	1,539	1,539
	494,679	56,000

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, equipment and vehicles £	Total £
Cost or valuation			
At 1 October 1998	55,000	579,596	634,596
Group transfer on hive-up	(55,000)	(579,596)	(634,596)
At 31 March 2000	-	-	-
Accumulated depreciation			
At 1 October 1998	-	476,471	476,471
Group transfer on hive-up	-	(476,471)	(476,471)
At 31 March 2000	-	-	-
Net book value			
At 31 March 2000	-	-	-
At 30 September 1998	55,000	103,125	158,125

- (a) The cost or valuation figures for freehold land and buildings includes:

	31 March 2000 £	30 September 1998 £
Valuation made in 1998	-	55,000

- (b) The amount of revalued freehold land and buildings as determined according to the historical cost accounting rule is:

	31 March 2000 £	30 September 1998 £
Cost	-	7,437
Depreciation	-	(2,000)
Net book value	-	5,437

Depreciation is included from 1 January 1979. In the opinion of the directors unreasonable expense and delay would be incurred in obtaining information for earlier years.

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

8. TANGIBLE FIXED ASSETS (continued)

(c) The net book value of the property comprises:

	31 March 2000 £	30 September 1998 £
Freehold land	-	53,446

9. STOCKS

	31 March 2000 £	30 September 1998 £
Raw materials and consumables	-	4,670
Work-in-progress	-	16,145
Dies	-	10,580
	-	31,395

10. DEBTORS

	31 March 2000 £	30 September 1998 £
Trade debtors	-	85,445
Amounts owed by group undertakings	56,430	102,516
Prepayments	-	15,261
	56,430	203,222

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2000 £	30 September 1998 £
Trade creditors	-	57,994
Amounts owed to group undertakings	-	170,486
Corporation tax	-	4,000
Advance corporation tax	-	14,000
Other taxation and social security	-	37,606
Accruals	-	45,846
	-	329,932

NOTES TO THE ACCOUNTS
18 months ended 31 March 2000**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	£
Pension share provision	
Balance at 1 October 1998	39,610
Group transfer on hive up	(39,610)
	<hr/>
Balance at 31 March 2000	-
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Deferred taxation	
Balance at 1 October 1998	10,000
Group transfer on hive up	(10,000)
	<hr/>
Balance at 31 March 2000	-
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The amounts provided in the accounts and the amounts not provided are as follows:

	31 March 2000		30 September 1998	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Capital allowances in advance of depreciation	-	-	10,000	-
Taxation on valuation surplus	-	-	-	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	10,000	5,000
	<hr/>	<hr/>	<hr/>	<hr/>

13. CALLED UP SHARE CAPITAL

	31 March 2000	30 September 1998
	£	£
Authorised,		
87,000 Ordinary shares of 10p each	8,700	8,700
513,000 3% Non cumulative preference shares of 10p each	51,300	51,300
	<hr/>	<hr/>
	60,000	60,000
	<hr/>	<hr/>
Called up, allotted and fully paid		
51,300 Ordinary shares of 10p each	5,130	5,130
513,000 3% Non cumulative preference shares of 10p each	51,300	51,300
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	56,430	56,430
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NOTES TO THE ACCOUNTS
18 months ended 31 March 2000

14. RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 1998	24,966	469,713	494,679
Realisation of gain on revaluation	(24,966)	24,966	-
Retained loss for the period	-	(494,679)	(494,679)
	<hr/>	<hr/>	<hr/>
At 31 March 2000	-	-	-
	<hr/>	<hr/>	<hr/>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2000 £	30 September 1998 £
Profit for the financial period	-	27,305
Dividends	(494,679)	(56,000)
Deficit on revaluation of properties	-	(245,000)
	<hr/>	<hr/>
Net reduction in shareholders' funds	(494,679)	(273,695)
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Opening shareholders' funds	551,109	824,804
	<hr/>	<hr/>
Closing shareholders' funds	56,430	551,109
	<hr/>	<hr/>

16. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of British & Midland Forgings Limited, a company registered in England.

The ultimate parent company is Brockhouse Group Limited.

Copies of the financial statements of Brockhouse Group Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

As the company is a wholly owned subsidiary it has taken advantage of the exemption order FRS 8 "Related Party Disclosures" not to disclose transactions with other companies within the group.