

BESCOT DROP FORGINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1997



BESCOT DROP FORGINGS LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th September 1997.

Principal activity and business review

The company has not traded during the year.

Dividends

The directors recommend payment of no dividend for the year ended 30th September 1997. (1996 - £Nil)

Tax status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, do not apply to the company. There has been no change in this respect since the end of the financial year.

Directors

The following persons were directors of the company during the year:-

M E Sara
H C Everett
J A Roberts

Directors' interests in the shares of the parent company

The interests of the directors of this company, at 30th September 1997 in the shares of the parent company, Hill & Smith Holdings PLC, according to the register required to be kept by the Companies Act 1985, were as follows:-

	30th September 1997	30th September 1996
M E Sara	191,523	184,214
H C Everett	55,095	50,014
J A Roberts	23,386	23,386

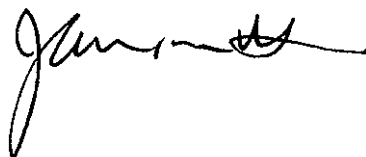
Auditors

A resolution to re-appoint the auditors, Messrs. John W Hinks & Co. will be proposed at the annual general meeting.

By order of the board

J J ARROWSMITH

Secretary



9th January 1998

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

- i) to select suitable accounting policies and then apply them consistently.
- ii) to make judgements and estimates that are reasonable and prudent.
- iii) to state whether applicable standards have been followed.
- iv) to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

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**AUDITORS' REPORT TO THE MEMBERS OF
BESCOT DROP FORGINGS LIMITED**

We have audited the accounts on pages 4 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th September 1997 and have been properly prepared in accordance with the Companies Act 1985.

Church House
5-14 South Road
Smethwick
West Midlands
B67 7BH

9th January 1998



JOHN W HINKS & CO
Chartered Accountants
and Registered Auditor

BESCOT DROP FORGINGS LIMITED
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BALANCE SHEET

30TH SEPTEMBER 1997

	Notes	1997 £	1996 £
Current assets			
Debtors	2	<u>414,313</u>	<u>414,313</u>
 Capital and reserves			
Called up share capital	3	<u>396,484</u>	<u>396,484</u>
Share premium account		<u>17,829</u>	<u>17,829</u>
		<u>414,313</u>	<u>414,313</u>

These financial statements were approved by the board on 9th January 1998.

	M E SARA	} Directors
	H C EVERETT	

The notes on page 5 form part of these accounts.

BESCOT DROP FORGINGS LIMITED
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NOTES

30TH SEPTEMBER 1997

1 Accounting policy

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

2 Debtors

	1997 £	1996 £
Amounts owed by group undertakings	<u>414,313</u>	<u>414,313</u>

3 Share capital

	1997 £	1996 £
Authorised, called up and fully paid		
99,121 ordinary shares of £1 each	99,121	99,121
297,363 deferred shares of £1 each	<u>297,363</u>	<u>297,363</u>
	<u>396,484</u>	<u>396,484</u>

4 Parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England.