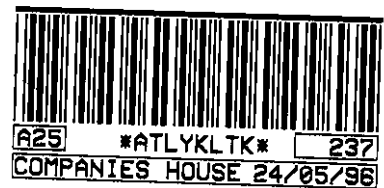


HOPYARD FOUNDRIES LIMITED

Annual report

for the year ended 31 December 1995

Registered no: 993427



HOPYARD FOUNDRIES LIMITED

Annual report for the year ended 31 December 1995

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Directors' report for the year ended 31 December 1995

The directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal activities

On 1 January 1995, the business and assets of the company were transferred to Allied Insulators Limited, a fellow subsidiary undertaking of Fairey Group plc. During the year the company has continued in the manufacture of malleable iron castings for the electrical industry as agent for Allied Insulators Limited which has the beneficial interest in the trade.

Results

The company has not traded during the year, and consequently made neither a profit nor a loss. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year were:

J.W. Poulter
M.B. Page (Chairman)
R. Jones (resigned 31 May 1995)
M.T Hughes
C.E Ricketts

None of the directors had any notifiable interest in the shares of the company. Interests in other group companies at 31 December 1995 or at 31 December 1994 are given in note 15.

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 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, subject to any material departures disclosed and explained on the financial statements
- 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

In accordance with Section 250 of the Companies Act 1985, a special resolution resolving that auditors shall not be appointed will be put to the Annual General Meeting.

By order of the board



M T Hughes
Company Secretary

5 March 1996

Report of the auditors to the members of Hopyard Foundries Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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.

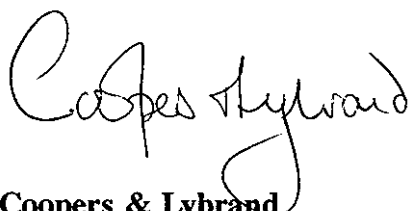
Basis of opinion

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 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 December 1995 and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', is written over the printed name of the firm.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Birmingham

5 March 1996

Profit and loss account for the year ended 31 December 1995

	Notes	1995 £'000	1994 £'000
Turnover - continuing operations	2	-	2,452
Cost of sales - continuing operations		-	(1,973)
		<hr/>	<hr/>
Gross profit		-	479
Other operating expenses - continuing operations	3	-	458
		<hr/>	<hr/>
Operating profit - continuing operations		-	21
Exceptional item	4	-	(298)
		<hr/>	<hr/>
		-	(277)
Interest payable	7	-	(7)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	6	-	(284)
Taxation	8	-	114
		<hr/>	<hr/>
Retained loss for the financial year		-	(170)
		<hr/>	<hr/>

The company has no recognised gains and losses other than those included in the losses above and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 1995

	Notes	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	9	-	698
Current assets			
Stocks	10	-	233
Debtors	11	355	180
Cash at bank and in hand		-	107
		<u>355</u>	<u>520</u>
Creditors: amounts falling due within one year	12	-	(661)
Net current liabilities		<u>355</u>	<u>(141)</u>
Total assets less current liabilities		<u>355</u>	<u>557</u>
Provisions for liabilities and charges	13	-	(202)
Net liabilities		<u>355</u>	<u>355</u>
Capital and reserves			
Called-up share capital	14	1	1
Share premium account	16	154	154
Revaluation reserve	16	-	215
Profit and loss account	16	200	(15)
Equity shareholders' funds	18	<u>3552</u>	<u>355</u>

The financial statements on pages 4 to 14 were approved by the board of directors on 5 March 1996 and were signed on its behalf by:

M.T. Hughes

Directors

M.B. Page

Notes to the financial statements for the year ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Turnover

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

Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets over their useful lives on a straight line basis at the following rates per annum:

Freehold buildings	over the estimated residual life of the buildings
Plant, machinery and other equipment	6.66% - 25%
Motor vehicles	25%
Tooling and computer software	33 1/3%

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost represents direct costs incurred and, where applicable, a proportion of attributable overheads.

Notes to the financial statements for the year ended 31 December 1995 (continued)

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into.

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at 31 December. All unrealised exchange differences are taken to the profit and loss account.

Deferred taxation

Provision is made, by the liability method, at the expected applicable rates for taxation deferred in respect of all timing differences between accounting and taxation treatment except when it is thought reasonably probable that the tax effects of such deferrals will continue for the foreseeable future.

Research and development

Research and development expenditure is written off as it is incurred.

Contributions to pension funds

Pension fund contributions are based on percentages of employees' wages and salaries in accordance with the recommendation of the funds' actuaries and are charged to the profit and loss account in the year of expense.

Cash flow

The company is a wholly owned subsidiary of Fairey Group plc and its cash flows are included in the consolidated group cash flow statement of Fairey Group plc. Consequently the company is exempt under the terms of Financial Reporting Statement No. 1 from publishing a cash flow statement.

**Notes to the financial statements
for the year ended 31 December 1995 (continued)****2 Turnover**

The company carried out one class of business being the manufacture of malleable iron castings for the electrical insulation industry.

The analysis by geographical area of the group's turnover is set out below:

	1995	1994
	£'000	£'000
United Kingdom	-	2,073
Europe (excluding the United Kingdom)	-	379
	<hr/>	<hr/>
	-	2,452
	<hr/> <hr/>	<hr/> <hr/>

3 Other operating expenses

	1995	1994
	£'000	£'000
Distribution costs	-	50
Administrative expenses	-	408
	<hr/>	<hr/>
	-	458
	<hr/> <hr/>	<hr/> <hr/>

4 Exceptional item

	1995	1994
	£'000	£'000
Reorganisation costs incurred due to the restructuring of the business following a downturn in traditional markets	-	298
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements for the year ended 31 December 1995 (continued)

5 Directors' emoluments

None of the directors received any remuneration for services to the company in the year ended 31 December 1995. The company had no employees in the year ended 31 December 1995.

	1995 £'000	1994 £'000
Other emoluments (including pension contributions and benefits in kind)	-	72
	<u>-</u>	<u>72</u>
	<u>-</u>	<u>72</u>

The emoluments disclosed above (excluding pension contributions) include amounts payable to:

	1995 £	1994 £
The Chairman	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
The highest paid director	NIL	38,955
	<u>NIL</u>	<u>38,955</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

	1995	1994
£ 0 - £15,000	5	3
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1

Notes to the financial statements for the year ended 31 December 1995 (continued)

6 Profit on ordinary activities before taxation

	1995 £'000	1994 £'000
This is stated after charging the following:		
Depreciation of tangible fixed assets	-	71
Hire of plant and machinery	-	15
Auditors' remuneration - audit services	-	8
- non-audit work	-	3
Profit on disposal of tangible fixed assets	-	2
	<u>-</u>	<u>99</u>

7 Interest Payable

	1995 £'000	1994 £'000
Intra-group interest payable	-	9
Bank interest receivable	-	(2)
	<u>-</u>	<u>7</u>

8 Taxation

	1995 £'000	1994 £'000
U.K corporation tax payable at 33% (1994: 33%):		
Current	-	114
	<u>-</u>	<u>114</u>

Notes to the financial statements for the year ended 31 December 1995 (continued)

9 Tangible fixed assets

	Freehold land & buildings £	Plant & machinery £	Fixtures fittings tools & equipment £	Total £
Cost				
As at 1 January 1995	280	1,443	14	1,737
Disposals	(280)	(1,443)	(14)	(1,737)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 1995	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -
Depreciation				
As at 1 January 1995	3	1,022	14	1,039
Disposals	(3)	(1,022)	(14)	(1,039)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 1995	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -
Net Book Value				
As at 31 December 1995	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -
As at 31 December 1994	<u> </u> 277	<u> </u> 421	<u> </u> -	<u> </u> 698

10 Stocks

	1995 £'000	1994 £'000
Raw materials and supplies	-	28
Work in progress	-	186
Finished goods	-	19
	<u> </u>	<u> </u>
	<u> </u> -	<u> </u> 233

Notes to the financial statements for the year ended 31 December 1995 (continued)

11 Debtors

	1995 £'000	1994 £'000
Amounts falling due within one year		
Trade debtors	-	128
Amounts owed by parent and fellow subsidiary undertaking	355	563
Other debtors	-	23
Prepayments and accrued income	-	29
	<u>355</u>	<u>180</u>

12 Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Trade creditors	-	266
Amounts owed to parent and fellow subsidiary undertakings	-	379
Corporation tax	-	(113)
Other taxation and social security payable	-	22
Other creditors	-	54
Accruals and deferred income	-	53
	<u>-</u>	<u>661</u>

13 Provisions for liabilities and charges

	Site maintenance £'000	Reorganisation & Redundancy £'000	Total £'000
Balance as at 1 January 1995	100	102	202
Transferred during the year on sale of business	(100)	(102)	(202)
	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 December 1995	-	-	-

Notes to the financial statements for the year ended 31 December 1995 (continued)

14 Called-up share capital

	1995 £	1994 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 Directors interests

Except as shown below none of the directors, who were not also directors of the holding company, has any interest, directly or indirectly, in the shares of the Group companies. The holdings and options shown below are all in the ordinary shares of 5p each in Fairey group plc. They relate respectively to shareholdings and options under the Fairey Group 1988 Executive Share Option Scheme and under the Fairey Group Savings Related Share Option Scheme.

	Shareholding			Options		
	1 January 1995	31 December 1995	1 January 1995	Exercised	Granted	31 December 1995
M B Page	-	-	20,000	-	11,920	31,920
M T Hughes	39,348	44,400	5,174	-	2,560	7,734
C E Ricketts	2,000	2,000	-	-	-	-

16 Reserves

	Revaluation reserve £'000	Share premium £'000	Profit & loss £'000
As at 1 January 1995	215	154	(15)
Realised on the transfer of assets during the year	(215)	-	215
As at 31 December 1995	<u>-</u>	<u>154</u>	<u>200</u>

**Notes to the financial statements
for the year ended 31 December 1995 (continued)****17 Pensions**

Fairey Group plc operates a defined benefits pension plan in which the company participated until the transfer of the business on 31 December 1994. Pension contributions are invested through an independent trust administered fund. The plan is reviewed regularly by actuaries and is funded in accordance with their advice.

When last valued on 1st January 1994 the fund showed a valuation surplus. The valuation was based on estimates of expenditure on benefits in future years and the funding rate necessary to meet that expenditure. Details of the last actuarial valuation are disclosed in the financial statements of Fairey Group plc.

18 Contingent liabilities

With other members of the Group, the company has guaranteed facilities made available to Fairey Group plc by the following banks in respect of which the following amounts were outstanding at 31 December 1995:

Lloyds bank plc	\$20,000,000 (1994: \$15,000,000)
National Westminster Bank plc	\$15,000,000 (1994: \$15,000,000)
National Westminster Bank plc	£ 4,241,000 (1994: £ 1,041,000)

19 Ultimate and immediate parent undertakings

The ultimate parent undertaking is Fairey Group plc which is incorporated in Great Britain and registered in England and Wales. Copies of the accounts are available from Fairey Group plc, Station Road, Egham, Surrey TW20 9NP.