

Whipp & Bourne Limited

Directors' Report and Financial Statements
For the year ended 31 March 2001

Registered number: 2641487



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Directors' report

For the year ended 31 March 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2001.

Principal activities and review of the business

The company is an intermediate holding company. The company has not traded during the year ended 31 March 2001.

Directors and their interests

The directors during the year were as follows:

JA Biles
MJR Porter

No directors had any interests in the shares of the company at 31 March 2001 or 1 April 2000.

JA Biles is also a director of the ultimate parent company, and his interests in the shares of that company are disclosed in that company's financial statements.

The interests of the other director who held office at 31 March 2001 in the share capital of the ultimate parent company, were as follows:

Ordinary 10p shares

	Number	
	2001	2000
MJR Porter	7,283	417

SAYE share option scheme

	Number				31 March 2001
	1 April 2000	Granted	Exercised	Lapsed	
MJR Porter	6,866	5,152	(6,866)	-	5,152

All the options granted in the year were at an option price of 188 pence per share.

Options in existence at 31 March 2001 are exercisable between 2003 and 2004 at a price of 188 pence per share.

Directors' report (continued)

Directors and their interests (continued)

The market price of the shares of FKI plc at 31 March 2001 was 191.25 pence and the range during the year was 153 pence to 265.5 pence.

All interests shown above are beneficial.

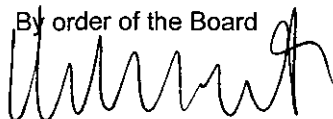
There are no other interests required to be disclosed under Section 234 of the Companies Act 1985.

Auditors

A resolution is to be proposed at the annual general meeting for the re-appointment of Arthur Andersen as auditors of the company.

15-19 New Fetter Lane
London
EC4A 1LY

By order of the Board



MJR Porter
Secretary

18 June 2001

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those 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 in the financial statements; and
- 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.



To the members of Whipp & Bourne Limited:

We have audited the financial statements on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 circumstances of the company, 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 affairs of the company at 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

18 June 2001

Statement of total recognised gains and losses

For the year ended 31 March 2001

	2001 £'000	2000 £'000
Foreign currency translation gains on investments net of translation losses on loans	18,356	2,504
Total recognised gains and losses relating to the year	18,356	2,504

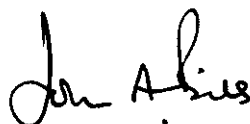
The accompanying notes are an integral part of this statement of total recognised gains and losses.

Balance sheet

31 March 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Investments	3	<u>1,279,005</u>	<u>1,232,587</u>
Current assets			
Debtors	4	6,398	15,386
Creditors: amounts falling due within one year	5	<u>(1,068,255)</u>	<u>(1,049,181)</u>
Net current liabilities		<u>(1,061,857)</u>	<u>(1,033,795)</u>
Net assets		<u>217,148</u>	<u>198,792</u>
Capital and reserves			
Called-up share capital	6	-	-
Share premium	7	196,288	196,288
Profit and loss account	7	<u>20,860</u>	<u>2,504</u>
Equity shareholders' funds	8	<u>217,148</u>	<u>198,792</u>

The accounts on pages 5 to 10 were approved by the board of directors on 18 June 2001 and signed on its behalf by:



JA Biles

Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 March 2001

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

Basis of accounting

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

Group financial statements

The company has not prepared group financial statements as it is exempt from the requirement to do so by Section 228 of the Companies Act 1985, as it is a subsidiary undertaking of FKI plc, a company incorporated in Great Britain and registered in England and Wales, and is included in the consolidated financial statements of that company.

Cash flow statement

Under the provisions of FRS 1 "Cash flow statements (Revised 1996)", the company has not prepared a cash flow statement because its ultimate parent company, FKI plc, has prepared consolidated financial statements which include the financial statements of the company and which contain a cash flow statement.

Going concern

The financial statements indicate that the company has net current liabilities. The directors have prepared the financial statements on a going concern basis since the ultimate parent company has indicated that the group will continue to give financial support for the foreseeable future.

Investments

Foreign equity investments are recorded in foreign currency amounts and translated into sterling at each year end. Any exchange gains or losses arising are taken to reserves. All other fixed asset investments are stated at cost less provision for impairment.

Foreign currencies

Exchange gains and losses arising on foreign currency borrowings used to finance the company's foreign currency equity investments are taken to reserves to the extent that they can be offset against the exchange differences arising on the equity investments.

Notes to the financial statements

31 March 2001

1 Profit and loss account

The company has not traded in either year and consequently has made neither a profit nor a loss. No profit and loss account has therefore been prepared.

2 Directors, employees and audit fee

The directors received no remuneration during the year (2000: £nil). There were no staff employed other than directors (2000: none). The audit fee in 2000 and 2001 was borne by the parent undertaking.

3 Investments

Cost	£000
At 1 April 2000	1,232,587
Additions	17
Foreign currency translation differences on foreign currency net investment	46,401
At 31 March 2001	1,279,005

Details of the subsidiaries at 31 March 2001 are as follows:

Name	Nature of business	Country of incorporation or registration
Brush Traction (100%)	Holding company	England and Wales
Fisher Karpark Industries (100%)	Holding company	England and Wales
FKI Mondiale Holding BV	Holding company	The Netherlands

In the opinion of the directors the company's investments in subsidiary undertakings is not less than the amount included in the balance sheet.

4 Debtors

	2001 £000	2000 £000
Amounts owed by parent undertaking due within one year	6,398	15,386

5 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Amounts owed to subsidiary undertakings	290,352	290,352
Amounts owed to ultimate parent undertaking	777,903	758,829
	1,068,255	1,049,181

Notes to the financial statements (continued)

6 Called-up share capital

	Number	£000
Authorised		
£1 Ordinary shares		
1 April 2000 and 31 March 2001	<u>2</u>	<u>-</u>
Allotted, called-up and fully paid		
£1 Ordinary shares		
1 April 2000 and 31 March 2001	<u>2</u>	<u>-</u>

7 Reserves

	Share premium account £000	Profit and loss account £000
At 1 April 2000	196,288	2,504
Foreign currency translation differences on foreign currency net investments and loans (net of tax)	-	18,356
At 31 March 2001	<u>196,288</u>	<u>20,860</u>

8 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Issue of share capital	-	196,288
Foreign currency translation differences on foreign currency net investments and loans (net of tax)	18,356	2,504
Net additions to shareholders' funds	18,356	198,792
Opening shareholders' funds	198,792	-
Closing shareholders' funds	<u>217,148</u>	<u>198,792</u>

9 Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings.

Notes to the financial statements (continued)

10 Ultimate parent company

The directors regard FKI plc, a company incorporated in Great Britain and registered in England and Wales, as the company's ultimate parent company.

FKI plc is the parent undertaking of the largest group of which Whipp & Bourne Limited is a member and for which group financial statements are drawn up. FKI Engineering Limited incorporated in Great Britain and registered in England and Wales is the parent undertaking of the smallest group of which Whipp & Bourne Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements of FKI plc are available to the public from the Company Secretary, FKI plc, 15-19 New Fetter Lane, London EC4A 1LY.