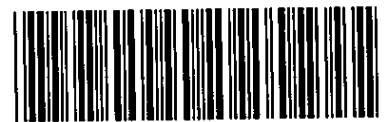


Whipp & Bourne Limited

Report and Financial Statements

31 March 2007

TUESDAY



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COMPANIES HOUSE

Registered No 02641487

Directors

N Bamford
A Ventrella

Secretary

A Ventrella

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Registered Office

Falcon Works,
PO Box 7713,
Meadow Lane,
Loughborough,
LE11 1ZF

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2007

Results and dividends

The audited financial statements for the year ended 31 March 2007 are set out on pages 6 to 12. The retained loss for the year after taxation amounted to £55,733,000 (2006 £251,986,000) and has been transferred to the profit and loss account reserve.

The directors do not recommend the payment of a dividend for the year.

Principal activity and review of the business

The company's principal activity is that of an intermediate holding company.

The company has not traded during the year, but has suffered a loss due to interest payments on group loans. The directors do not expect the company to commence trading in the foreseeable future.

Directors and their interests

The directors who served during the year ended 31 March 2007 are as listed on page 1. No director had any interests in the shares of the company at 31 March 2007.

Directors' liabilities

FKI plc, the ultimate parent undertaking, has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.

Auditors

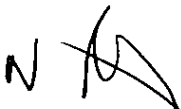
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



N Bamford
Director

Date 28 August 2007

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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.

Independent auditors' report

to the members of Whipp & Bourne Limited

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report

to the members of Whipp & Bourne Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

31st August 2007

Profit and loss account

for the year ended 31 March 2007

	<i>Notes</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Non-operating exceptional items	3	-	(195,901)
Exchange profit/(loss) on foreign currency denominated loans		4,542	(2,333)
<i>Profit/(loss) before interest and tax</i>		<u>4,542</u>	<u>(198,234)</u>
Net interest payable	4	(60,523)	(53,752)
<i>Loss on ordinary activities before taxation</i>		<u>(55,981)</u>	<u>(251,986)</u>
Tax on loss on ordinary activities	5	248	-
<i>Retained loss for the financial year</i>	10	<u>(55,733)</u>	<u>(251,986)</u>

Statement of total recognised gains and losses

for the year ended 31 March 2007

	2007	2006
	£000	£000
Loss on ordinary activities after taxation	(55,733)	(251,986)
Foreign currency translation (losses)/ gains on foreign currency net investments	(34,775)	23,522
Foreign currency translation gain/ (losses) on loans due to ultimate parent company	30,283	(19,764)
Total recognised losses relating to the year	(60,225)	(248,228)

Balance sheet

at 31 March 2007

	<i>Notes</i>	<i>2007</i> £000	<i>2006</i> £000
Fixed assets			
Investments	6	1,160,689	1,059,464
Current assets			
Debtors – amounts falling due within one year	7	125,143	5,107
Debtors – amounts falling due after more than one year	7	357,404	-
Creditors: amounts falling due within one year	8	(1,449,240)	(1,167,865)
Net current liabilities		<u>(966,693)</u>	<u>(1,162,758)</u>
Total assets less current liabilities		<u>193,996</u>	<u>(103,294)</u>
Creditors: amounts falling after more than one year	9	(357,515)	-
Net liabilities		<u>(163,519)</u>	<u>(103,294)</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium	11	196,288	196,288
Profit and loss account	11	(359,807)	(299,582)
Equity shareholders' deficit	11	<u>(163,519)</u>	<u>(103,294)</u>

The financial statements were approved by the Board and signed on its behalf by



N Bamford
Director

Date 28 August 2007

Notes to the financial statements

at 31 March 2007

1. Accounting policies

Basis of preparation

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

The company has taken advantage of the exemption from preparing group financial statements afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary undertaking of FKI plc, which prepares consolidated financial statements which are publicly available

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 undertaking has indicated that it will continue to give financial support to the company for the foreseeable future, to enable the company to meet its debts as they fall due

Statement of cash flows

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

Investments

Equity investments are recorded at cost less provision for impairment in their underlying currency amounts and translated into sterling at each year end. Any exchange gains or losses arising are taken to reserves

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date

Exchange differences arising on foreign currency borrowings that have been used to finance, or provide a hedge against, foreign equity investments are offset in reserves against the exchange differences arising on the foreign equity investments. Tax charges and credits attributable to exchange differences on such borrowings are also dealt with in reserves. All other exchange differences are dealt with in the determination of the results for the financial year

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date

2. Directors' emoluments, staff costs and auditors' remuneration

The directors received no remuneration for their services to the company during the year (2006 £nil)

The emoluments of Mr N Bamford and Mr A Ventrella have been borne by FKI plc, the ultimate parent undertaking. The directors of the company are also directors of a number of companies within the FKI group. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 March 2007 and 31 March 2006

There were no staff employed other than the directors (2006 none)

The audit fee in year 2006 and 2007 was borne by the parent undertaking

Notes to the financial statements

at 31 March 2007

3. Non-operating exceptional items

	2007 £000	2006 £000
Impairment of investment in Fisher-Karpark Industries	-	(195,901)
	<u> </u>	<u> </u>

The impairment in the investment in the previous year arose following the cessation of trade and deregistration of Fisher-Karpark Industries. The exceptional item has no direct tax consequences.

4. Net interest payable

	2007	2006
Interest payable on		
Loan from group undertakings	(60,711)	(55,365)
Interest receivable on		
Loan to group undertakings	188	1,613
	<u>(60,523)</u>	<u>(53,752)</u>
	<u> </u>	<u> </u>

5. Tax on loss on ordinary activities

	2007 £000	2006 £000
Corporation tax		
Adjustments in respect of prior years	(248)	-
	<u> </u>	<u> </u>

The tax assessed for the year is higher than (2006 higher than) the standard rate of corporation tax in the UK as explained below

	2007 £000	2006 £000
Loss on ordinary activities before taxation	(55,981)	(251,986)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(16,794)	(75,596)
	<u> </u>	<u> </u>
Effects of		
Non-deductible expenses	-	58,771
Group relief surrendered for nil consideration	16,794	16,825
Adjustments in respect of prior years	(248)	-
	<u> </u>	<u> </u>
Current tax credit for the year	(248)	-
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 March 2007

6. Investments

	<i>£000</i>
Cost	
At 1 April 2006	1,059,464
Exchange loss on foreign currency net investments	(34,775)
Additions	136,000
	<hr/>
At 31 March 2007	1,160,689
	<hr/> <hr/>

Details of the subsidiaries at 31 March 2007 are as follows

<i>Name</i>	<i>Nature of business</i>	<i>Country of incorporation or registration</i>
Brush Traction (100%)	Holding company	England and Wales
FKI Mondiale Holding BV (100%)	Holding company	The Netherlands

During the year the company applied for and acquired a further 9,898 ordinary shares of £1 each in Brush Traction for a consideration of £136 million

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

7. Debtors

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
<i>Falling due within one year</i>		
Amounts owed by other group undertakings	125,143	5,107
	<hr/>	<hr/>
	<i>£000</i>	<i>£000</i>
<i>Falling due after more than one year</i>		
Amounts owed by other group undertakings	357,404	-
	<hr/>	<hr/>

8. Creditors: amounts falling due within one year

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to other group undertakings	310,752	190,618
Amounts owed to ultimate parent undertaking	1,138,488	976,999
Corporation tax	-	248
	<hr/>	<hr/>
	1,449,240	1,167,865
	<hr/> <hr/>	<hr/> <hr/>

9. Creditors: amounts falling after more than one year

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to other group undertakings	357,515	-
	<hr/>	<hr/>

Notes to the financial statements

at 31 March 2007

10. Share capital

	2007	2006
<i>Authorised</i>	£	£
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>	£	£
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

11. Reconciliation of shareholders' deficit and movement in reserves

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 April 2006	-	196,288	(299,582)	(103,294)
Loss for the year	-	-	(55,733)	(55,733)
Exchange losses on foreign currency investments and loans	-	-	(4,492)	(4,492)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	-	196,288	(359,807)	(163,519)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. Contingent liabilities

As part of a group debt arrangement, the company has entered into a multilateral cross guarantee with certain group undertakings in respect of group borrowings. Other outstanding bonds and guarantees at the year end amounted to £nil (2006 £0.2m)

13. Related party transactions

The company is a wholly owned subsidiary of FKI plc, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the FKI group.

14. Ultimate parent undertaking

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

FKI plc is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are drawn up. Copies of these financial statements are available from the Company Secretary, Falcon Works, PO Box 7713, Meadow Lane, Loughborough, Leicestershire, LE11 1ZF.