

Hammond & Champness Limited

**Directors' report and financial
statements**

Registered number 272643

30 September 2001



Contents

| | |
|--|---|
| Directors and company information | 1 |
| Report of the directors | 2 |
| Statement of directors' responsibilities | 3 |
| Independent auditors' report to the members of Hammond & Champness Limited | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7 |

Directors and company information

| | | |
|----------------------------|-------------------|---------------------|
| Directors | G Elliot | (Chairman) |
| | EL Jones | (Managing Director) |
| | H Prahl | |
| | AJ Sunderland | |
| | JJ Wright | |
| | H Poppe | |
| Secretary | CE Newman | |
| Registered office | Traffic Street | |
| | Nottingham | |
| | NG2 1NE | |
| Registered number | 272643 | |
| Registered auditors | KPMG | |
| | St Nicholas House | |
| | Park Row | |
| | Nottingham | |
| | NG1 6FQ | |

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2001.

Principal activities

The principal activities of the company are the installation, servicing and repair of lifts.

Business review

The profit for the year after taxation amounted to £2,604,000 (2000: £1,600,000). The directors recommend a dividend of 700p per ordinary share (2000: 180p) and a 6% cumulative preference dividend amounting in total to £3,504,000 (2000: £900,000) for the year.

Directors

The directors named on page 1 served throughout the year.

According to the register kept under Section 325(v) of the Companies Act 1985 none of the directors or their families had any interests in the share capital of the company.

Employees

Our policy is to fulfil our obligations under current employment legislation and to offer career and training opportunities to disabled persons commensurate with their aptitudes and abilities. It is also our policy to carry on business so as to avoid causing any unnecessary or unacceptable safety risks to any of our employees.

Employees are kept informed of matters affecting them as employees and are also made aware of financial and economic factors affecting the group. We attach great importance to good communications at all levels throughout the organisation.

Auditors

Our auditors KPMG have indicated to the directors that their business is to transfer to a limited liability partnership, KPMG LLP. Accordingly, they have indicated their intention to resign as auditors of the company and the directors intend to appoint KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CE Newman
Company Secretary

16 April 2002

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 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;
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St Nicholas House
Park Row
Nottingham
NG1 6FQ

Independent auditors' report to the members of Hammond & Champness Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit 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 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16 April 2002

*Chartered Accountants
Registered Auditors*

Profit and loss account
for the year ended 30 September 2001

| | <i>Notes</i> | 2001 £000 | 2000 £000 |
|--|--------------|----------------------------|--------------|
| Turnover | 2 | 10,918 | 13,631 |
| Cost of sales | | (5,385) | (7,352) |
| Gross profit | | 5,533 | 6,279 |
| Administrative expenses | | (2,219) | (4,243) |
| Operating profit | | 3,314 | 2,036 |
| Other interest receivable and similar income | 3 | 470 | 41 |
| Interest payable and similar charges | 4 | - | (47) |
| Profit on ordinary activities before taxation | 5 | 3,784 | 2,030 |
| Tax on profit on ordinary activities | 7 | (1,180) | (430) |
| Profit on ordinary activities after taxation | | 2,604 | 1,600 |
| Dividend proposed | 8 | (3,504) | (900) |
| (Accumulated loss)/retained profit for the year | 15 | (900) | 700 |

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

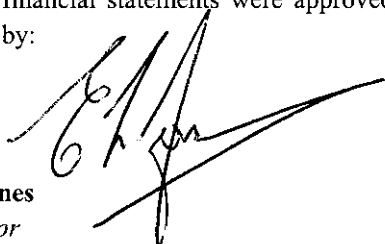
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

Balance sheet
as at 30 September 2001

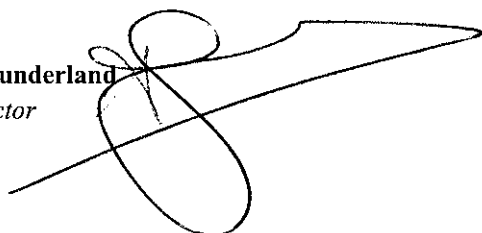
| | Notes | 2001 £000 | 2000 £000 | 2000 £000 |
|---|-------|-----------------|-------------------|---------------------|
| Fixed assets | | | | |
| Tangible assets | 9 | | 211 | 633 |
| Current assets | | | | |
| Stocks and work in progress | 10 | 511 | | 2,110 |
| Debtors | 11 | 1,842 | | 2,485 |
| Cash at bank and in hand | | 11,444 | | 2,208 |
| | | <u>13,797</u> | | <u>6,803</u> |
| Creditors: amounts falling due within one year | 12 | <u>(13,471)</u> | | <u>(5,999)</u> |
| Net current assets | | | <u>326</u> | <u>804</u> |
| Total assets less current liabilities | | | <u>537</u> | <u>1,437</u> |
| Provisions for liabilities and charges | 13 | | <u>-</u> | <u>-</u> |
| Net assets | | | <u><u>537</u></u> | <u><u>1,437</u></u> |
| Capital and reserves | | | | |
| Called up share capital | 14 | 500 | | 500 |
| Profit and loss accounts | 15 | 37 | | 937 |
| Equity shareholders' funds | 16 | <u>537</u> | | <u>1,437</u> |

These financial statements were approved by the board of directors on 16 April 2002 and were signed on their behalf by:

EL Jones
 Director



AJ Sunderland
 Director



Notes

forming part of the financial statements

1 Accounting policies

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

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, excluding value added tax.

Depreciation of tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of tangible fixed assets less estimated residual value over their estimated useful lives, on a straight line basis, at the following annual rates:

Plant and machinery - 10%

Deferred taxation

Provision is made for taxation at currently projected rates in respect of items where there is a timing difference between their treatment for accounting and taxation purposes if, in the opinion of the directors, a material tax liability might arise or a short term timing difference will reverse in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or at the agreed contracted rate.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or the agreed contracted rate.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Stocks & long term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value. Progress payments received are deducted to the extent of the individual work in progress valuations, with any excess being carried in creditors.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome can be foreseen with reasonable certainty. Provision for any losses are made as soon as they are foreseen. Contract work in progress is stated at costs incurred, less foreseeable losses and payments on account.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs - defined benefit scheme

The pension costs charged in the profit and loss account are based on an actuarial method and actuarial assumptions designed to spread the anticipated pension costs over the service lives of the employees in the pension scheme, in a way that seeks to ensure that the regular pension cost represents a subsidiary level percentage of the current and future pensionable salary roll in the light of the current actuarial assumptions. Variations from regular costs are spread over the average remaining service lives of current employees in the pension schemes.

Pension costs - defined contribution scheme

The pension costs charged to the profit and loss account represent the amount of contributions payable to the scheme in respect of the accounting period.

Cash flow statement

Under Financial Reporting Standard Number 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the financial statements of the parent undertaking.

2 Turnover

The turnover and profit on ordinary activities before taxation arose solely from the continuing principal activities of the company in the United Kingdom.

3 Other interest receivable and similar income

| | 2001 | 2000 |
|------------------------------------|------------------------|----------------|
| | £000 | £000 |
| Receivable from group undertakings | 470 | 36 |
| Other | - | 5 |
| | <hr/> 470 <hr/> | <hr/> 41 <hr/> |

4 Interest payable and similar charges

| | £000 | £000 |
|---------------------------------|-------------|-------|
| Payable from group undertakings | - | 47 |
| | <hr/> | <hr/> |

Notes (continued)

5 Profit on ordinary activities before taxation

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| <i>This is stated after charging:</i> | | |
| Auditors' remuneration | | |
| - audit work | 12 | 12 |
| - non audit work | 3 | 3 |
| Depreciation of tangible fixed assets - owned assets | 400 | 515 |
| Operating lease rentals | 378 | 450 |
| - land and buildings | | |
| - plant and machinery | - | - |
| | <hr/> | <hr/> |

6 Directors and employees

| | Number | Number |
|---|--------|--------|
| <i>The average number of persons employed by the company during the year, excluding directors, was:</i> | | |
| Administration | - | 15 |
| Service and repair | - | 202 |
| Other | - | 57 |
| | <hr/> | <hr/> |
| | - | 274 |
| | <hr/> | <hr/> |

| | £000 | £000 |
|--|-------|-------|
| <i>The aggregate payroll costs of these persons were as follows:</i> | | |
| Wages and salaries | - | 5,826 |
| Social security costs | - | 525 |
| Pension costs | - | 184 |
| | <hr/> | <hr/> |
| | - | 6,535 |
| | <hr/> | <hr/> |

| | | |
|-------------------------------------|-------|-------|
| <i>Emoluments of the directors:</i> | | |
| Aggregate emoluments | - | 107 |
| | <hr/> | <hr/> |

| | Number of directors 2001 | 2000 |
|--|-----------------------------|-------|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase schemes | - | - |
| Defined benefit schemes | - | 1 |
| | <hr/> | <hr/> |

The company's employees have transferred to Thyssen Lifts and Escalators Limited.

7 Tax on profit on ordinary activities

| | £000 | £000 |
|--|-------|-------|
| <i>Tax on profit at 30% (2000: 30%):</i> | | |
| Corporation tax - current year | 1,180 | 600 |
| - prior year | - | (170) |
| | <hr/> | <hr/> |
| | 1,180 | 430 |
| | <hr/> | <hr/> |

Notes (continued)

8 Dividends

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| Proposed dividend of 700p (2000: 180p) per share on ordinary shares and 6% on cumulative preference shares | 3,504 | 900 |

9 Tangible fixed assets

| | Leasehold improvements £000 | Plant and machinery £000 | Total £000 |
|----------------------------------|-----------------------------------|--------------------------------|---------------|
| <i>Cost:</i> | | | |
| At 1 October 2000 | - | 3,937 | 3,937 |
| Additions | - | - | - |
| Disposals | - | (651) | (651) |
| At 30 September 2001 | - | 3,286 | 3,286 |
| <i>Accumulated depreciation:</i> | | | |
| At 1 October 2000 | - | 3,304 | 3,304 |
| Charge for the year | - | 400 | 400 |
| Disposals | - | (629) | (629) |
| At 30 September 2001 | - | 3,075 | 3,075 |
| <i>Net book value:</i> | | | |
| At 30 September 2001 | - | 211 | 211 |
| At 30 September 2000 | - | 633 | 633 |

10 Stocks and work in progress

| | 2001 £000 | 2000 £000 |
|------------------------------------|--------------|--------------|
| Raw materials and consumables | 345 | 843 |
| Work in progress | 166 | 1,267 |
| | 511 | 2,110 |
| <i>Work in progress comprises:</i> | | |
| Net costs less foreseeable losses | 166 | 1,267 |
| Payments on account | - | - |
| | 166 | 1,267 |

Notes (continued)

11 Debtors

| | 2001 £000 | 2000 £000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year:</i> | | |
| Trade debtors | 1,827 | 2,319 |
| Amounts owed by group undertakings | - | - |
| Prepayments and accrued income | 15 | 166 |
| | <u>1,842</u> | <u>2,485</u> |

12 Creditors: amounts falling due within one year

| | £000 | £000 |
|------------------------------------|---------------|--------------|
| Bank overdraft | - | - |
| Trade creditors | 364 | 318 |
| Amounts owed to group undertakings | 9,818 | 2,059 |
| Corporation tax | 1,243 | 683 |
| Social security and other taxation | 412 | 221 |
| Accruals and deferred income | 1,634 | 2,718 |
| | <u>13,471</u> | <u>5,999</u> |

The company is a member of the Thyssen Krupp AG group cash pool facility and the bank overdraft represents the company's balance within this arrangement.

13 Provisions for liabilities and charges

No amounts have been recognised in the financial statements in respect of deferred taxation because the amounts are not expected to crystallise in the foreseeable future. The full potential asset not recognised is £290,465 (2000: £252,000).

14 Called up share capital

| | 2001 £ | 2000 £ |
|---|----------------|----------------|
| <i>Authorised, allotted, called up and fully paid:</i> | | |
| 500,000 ordinary shares of £1 each (equity) | 500,000 | 500,000 |
| 100 6% cumulative preference shares of £1 each (non-equity) | 100 | 100 |
| | <u>500,100</u> | <u>500,100</u> |

The preference shares have the following rights

- Fixed cumulative cash dividend of 6% per annum on the issue price.
- In the event of a winding up the shares have priority over all other shares and will be entitled to receive amounts equal to the issue price plus all arrears of preference dividends.
- Rank pari passu with the ordinary shares in regards voting rights.

Notes *(continued)*

15 Profit and loss account

| | 2001 | 2000 |
|---|--------------|------|
| | £000 | £000 |
| At 1 October | 937 | 237 |
| (Accumulated loss)/retained profit for the year | (900) | 700 |
| At 30 September | 37 | 937 |

16 Reconciliation of movements in shareholders' funds

| | £000 | £000 |
|--|----------------|-------|
| Profit for the financial year | 2,604 | 1,600 |
| Dividends proposed | (3,504) | (900) |
| Net (reduction in)/addition to shareholders' funds | (900) | 700 |
| Opening shareholders' funds | 1,437 | 737 |
| Closing shareholders' funds | 537 | 1,437 |

17 Financial commitments

At 30 September 2001 the company had annual commitments under operating leases which expire:

| | Land and buildings | |
|------------------------------|---------------------------|------|
| | 2001 | 2000 |
| | £000 | £000 |
| Within one year | - | - |
| In the second to fifth years | 125 | 125 |
| Over five years | 205 | 253 |
| | 330 | 378 |

18 Pensions

The company's employees have transferred to Thyssen Lifts and Escalators Limited. All pension disclosures are shown within their financial statements.

19 Related party transactions

As the company is a wholly owned subsidiary of Thyssen Krupp AG, the company has taken advantage of the exemption contained within Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Thyssen Krupp AG, within which this company is included, can be obtained from the address given in note 20.

Notes *(continued)*

20 Ultimate parent and controlling company

At the balance sheet date the company's immediate parent company was Thyssen Aufzüge Limited, a company registered in England and Wales; the ultimate parent and controlling company is Thyssen Krupp AG which is incorporated in Germany.

The smallest group for which consolidated financial statements are prepared is headed by Thyssen Industries AG, D-45117, Essen. Consolidated financial statements for Thyssen Krupp AG are available from Postfach 101010, D-40001, Düsseldorf.