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Hammond & Champness Limited**Directors' report and financial statements
for the year ended 31 December 1995**

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Hammond & Champness Limited

Directors' report for the year ended 31 December 1995

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

Principal activities

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

Review of business and future developments

Trading conditions remain difficult, however Management believe the Company is well positioned to take advantage of an anticipated improvement in the marketplace.

Dividend and transfers to reserves

A dividend of £2,160,000 was paid during the year. The directors do not propose the payment of a final dividend (1994: Nil).

Significant changes in fixed assets

Movements in fixed assets are shown in note 10 on page 14.

Market value of land and buildings

Land and buildings were sold at below book value after the year end. The net book value of land and buildings has been written down to £500,000 in the year to 31 December 1995 to recognise the proceeds of sale after the year end.

Directors and directors' interests

The directors who held office during the year were as follows:

A C Little	(Chairman)
N P Davis	
J B Apple	(USA, resigned 24 October 1995)
E L Jones	(resigned 8 July 1995)
A J Ormsby	(Canada)
A G McMahon	
M Beckers	(Managing Director)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Hammond & Champness Limited

Directors' report for the year ended 31 December 1995

Employees

The company's employees include disabled people. The company's policy is to employ, and retain where possible, staff who are, or who become, disabled.

During the year, the company pursued its policy of maintaining and developing its arrangements for the involvement of employees in matters which may affect their interest by acquainting them with results and plans and inviting their comments and suggestions.

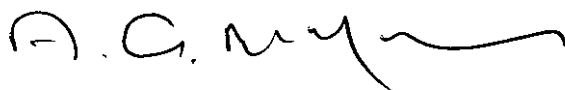
The company has, for a number of years, produced a newsletter on a regular basis which is distributed free of charge to every employee. This newsletter is a valuable form of communication on any matters of which employees should be aware.

"Personnel Announcements" and "Managing Director Circulars" are regularly sent to all departments and branches and posted on notice boards, to acquaint all employees with matters of significance.

Auditors

KPMG resigned as auditors on 13 October 1995. Coopers & Lybrand were appointed as auditors on 19 October 1995. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Coopers & Lybrand as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By the order of the board



A G McMahon
Secretary
12th October 1996

Albany Gate
Darkes Lane
Potters Bar
EN6 1HE

Hammond & Champness Limited

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By the order of the board



A G McMahon
Secretary

18th October 1996

Hammond & Champness Limited

Report of the auditors to the members of Hammond & Champness Limited

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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.

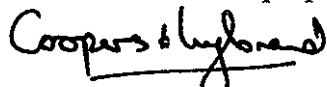
Basis of opinion

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 affairs of the company at 31 December 1995 and of its loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants
and Registered Auditors
London

18 October 1996

Hammond & Champness Limited

Profit and loss account for the year ended 31 December 1995

	Notes	1995 £'000	1994 £'000
Turnover	1 (k)	32,991	37,641
Change in stocks of finished goods and work in progress		(99)	(108)
Other operating income		26	26
Raw materials and consumables		(11,152)	(12,157)
Staff costs	4	(14,121)	(15,273)
Depreciation and other amounts written off tangible fixed assets		(1,065)	(899)
Other operating charges		(6,795)	(5,890)
Operating (loss)/profit		(215)	3,340
Exceptional item - write down of land and buildings	5	(870)	-
Other interest receivable and similar income	6	567	376
Interest payable and similar charges	7	(27)	(1)
(Loss)/profit on ordinary activities before taxation	2	(545)	3,715
Tax on (loss)/profit on ordinary activities	8	(170)	(1,068)
(Loss)/profit for the financial year		(715)	2,647
Retained profit brought forward		12,253	9,606
Dividend paid	9	(2,160)	-
Retained profit carried forward		9,378	12,253

The company has no recognised gains or losses other than the loss for the period.

There were no discontinued operations, or acquisitions, during the year ended 31 December 1995.

The notes on pages 8 to 19 form part of these financial statements.

Auditors' report page 4.

Hammond & Champness Limited

Note of historical cost profit and losses for the year ended 31 December 1995

	1995	1994
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(545)	3,715
Amount written off land and buildings	870	-
Difference between the historical depreciation charge and the actual depreciation charge calculated on the revalued amount	(4)	-
Historical cost profit on ordinary activities before taxation	<u>321</u>	<u>3,715</u>
Historical cost (loss)/profit after taxation and dividends	<u>(2,009)</u>	<u>2,647</u>

The notes on pages 8 to 19 form part of these financial statements.


Auditors' report page 4.

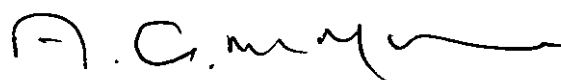
Hammond & Champness Limited

Balance sheet at 31 December 1995

	Notes	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	10	2,424	3,467
Current assets			
Stocks	12	2,795	2,995
Debtors	13	10,891	9,743
Cash at bank and in hand		4,441	8,854
		<u>18,127</u>	<u>21,592</u>
Creditors: amounts falling due within one year	14	<u>(10,523)</u>	<u>(12,108)</u>
Net current assets		<u>7,604</u>	<u>9,484</u>
Total assets less current liabilities		10,028	12,951
Provisions for liabilities and charges	15	(150)	(198)
Net assets		<u><u>9,878</u></u>	<u><u>12,753</u></u>
Capital and reserves			
Called up share capital	16	500	500
Profit and loss account	17	9,378	12,253
Shareholders' funds (including non equity interests)		<u><u>9,878</u></u>	<u><u>12,753</u></u>

These financial statements were approved by the board of directors on 18th October 1996 and were signed on its behalf by:


M Beckers
Director


A G McMahon
Director

The notes on pages 8 to 19 form part of these financial statements.

Auditors' report page 4.

Hammond & Champness Limited

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. All policies have been applied consistently throughout the year and the preceding year.

(a) Accounting convention

The accounts have been prepared under the historical convention modified by the write off of land and buildings.

(b) Consolidation

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales and is therefore exempt from the obligation to prepare and deliver group financial statements. The results of the company and its subsidiary undertakings are included in the financial statements of Dover UK Holdings Limited.

(c) Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	6.7% per annum
Plant and machinery	10% per annum
Office equipment	10-20% per annum
Vehicles	30% per annum

Replacements of office furniture and fittings are charged against profit in the year in which the expenditure is incurred.

(d) Foreign currencies

Transactions in foreign currencies are recorded using the average rate of exchange for the month in which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Hammond & Champness Limited

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

(e) Pension costs - defined benefit scheme

The pension costs charged against profits 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.

(f) Pension costs - defined contribution scheme

The pension costs charged against profits represent the amount of contributions payable to the scheme in respect of the accounting period.

(g) Stocks

Raw materials, consumables and short term work in progress are stated at the lower of cost and estimated realisable value. Cost for this purpose comprises direct materials, direct labour and attributable overheads. The amount of work in progress has been reduced by progress payments received and receivable.

(h) Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less provision for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

(i) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Hammond & Champness Limited

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

(j) Cash flow statement

The company is not required to present a cash flow statement since it is a wholly owned subsidiary of another UK company (see note 21).

(k) Turnover

Turnover represents the aggregate of invoiced sales for the year, excluding value added tax. All turnover was within the United Kingdom.

2 Profit on ordinary activities before taxation

	1995 £'000	1994 £'000
Profit on ordinary activities before taxation is stated after charging		
Directors' emoluments (see note 3)	382	443
Auditors' remuneration:		
Audit	19	23
Other services	-	7
Depreciation of fixed assets	1,065	899
Operating leases:		
Land and buildings	522	532
	<u>522</u>	<u>532</u>

3 Directors Emoluments

	1995 £'000	1994 £'000
Directors' emoluments:		
As directors	7	7
Remuneration as executives	375	436
	<u>382</u>	<u>443</u>

The emoluments, excluding pension contributions, of the chairman were £6,672 (1994:£6,660) and those of the highest paid director were £112,180 (1994:£150,397).

Hammond & Champness Limited

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

The emoluments, excluding pension contributions of the directors (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1995	1994
£5,001 - £10,000	1	2
£15,001 - £20,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	-	1
£75,001 - £80,000	1	1
£80,001 - £85,000		1
£85,001 - £90,000	1	-
£100,000 - £105,000	1	-
£110,001 - £115,000	1	-
£150,001 - £155,000	-	1

4 Staff numbers and costs

The average number of persons employed by the company during the year, excluding directors was:

	1995 number	1994 number
Administration	57	52
Service and repair	640	716
Other	6	11
	<u>703</u>	<u>779</u>