

Hammond & Champness Limited

Report and financial statements

Registered number 272643

30 September 1999



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Directors and company information

Directors

G Elliot (Chairman)
EL Jones (Managing Director)
H Prah
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 1999.

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 £395,000 (1998: £1,815,000). The directors do not propose the payment of a dividend for the year (1998: nil).

Directors

The directors named on page 1 served throughout the year, except for H Poppe who was appointed on 5 October 1998.

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.

Year 2000

The directors recognise the potential problems which could arise in connection with the move into the next millennium. A programme has been put in place to address the issue within a suitable time frame.

It is not anticipated that the costs involved with ensuring Year 2000 compliance will have a material impact on the company.

Report of the directors *(continued)*

Auditors

Messrs Saffery Champness resigned as auditors during the year and KPMG were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CE Newman
Company Secretary

22 February 2000

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

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

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4, 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 reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

22 February 2000

*Chartered Accountants
Registered Auditors*

Profit and loss account
for the year ended 30 September 1999

	<i>Notes</i>	1999 £000	1998 £000
Turnover	2	18,198	26,250
Cost of sales		(9,638)	(15,686)
Gross profit		<u>8,560</u>	<u>10,564</u>
Administrative expenses		(8,006)	(8,322)
Administrative expenses - exceptional items	3	275	-
Operating profit		<u>829</u>	<u>2,242</u>
Other interest receivable and similar income	4	15	196
Interest payable and similar charges	5	(104)	(3)
Profit on ordinary activities before taxation	6	<u>740</u>	<u>2,435</u>
Tax on profit on ordinary activities	8	(345)	(620)
Retained profit for the year	15	<u><u>395</u></u>	<u><u>1,815</u></u>

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

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

In both the current and preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

Balance sheet

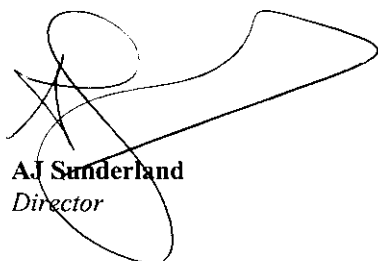
as at 30 September 1999

	Notes	1999 £000	1998 £000
Fixed assets			
Tangible assets	9	1,153	1,609
Current assets			
Stocks and work in progress	10	1,822	1,390
Debtors	11	4,284	5,175
Cash at bank and in hand		8	8
		<u>6,114</u>	<u>6,573</u>
Creditors: amounts falling due within one year	12	<u>(6,530)</u>	<u>(7,790)</u>
Net current liabilities		<u>(416)</u>	<u>(1,217)</u>
Total assets less current liabilities		<u>737</u>	<u>392</u>
Provisions for liabilities and charges	13	-	(50)
Net assets		<u><u>737</u></u>	<u><u>342</u></u>
Capital and reserves			
Called up share capital	14	500	500
Profit and loss accounts	15	237	(158)
Equity shareholders' funds	16	<u><u>737</u></u>	<u><u>342</u></u>

These financial statements were approved by the board of directors on 22 February 2000 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%
Office equipment	-	10-20%
Vehicles - cars	-	20%
- vans	-	30%

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 Exceptional items

Change in depreciation rates

The depreciation methods and expected useful lives of freehold and leasehold property were re-assessed during the year. Under the provisions of SSAP 12, depreciation has been recalculated from the dates of acquisition of the assets and the total charge credited to the profit and loss account as an exceptional item. This has had no effect on the tax charge for the year.

4 Other interest receivable and similar income

	1999 £000	1998 £000
Exchange gain	13	-
Receivable from group undertakings	-	192
Other	2	4
	<hr/> 15	<hr/> 196
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5 Interest payable and similar charges

	1999 £000	1998 £000
Payable from group undertakings	104	-
Exchange losses	-	3
	<u>104</u>	<u>3</u>

6 Profit on ordinary activities before taxation

	£000	£000
<i>This is stated after charging:</i>		
Auditors' remuneration - audit work	24	24
- non audit work	6	13
Depreciation of tangible fixed assets	712	838
Operating lease rentals - land and buildings	503	530
- plant and machinery	-	-
	<u>1245</u>	<u>1405</u>

7 Directors and employees

	Number	Number
<i>The average number of persons employed by the company during the year, excluding directors, was:</i>		
Administration	31	31
Service and repair	393	385
Other	100	96
	<u>524</u>	<u>512</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	10,387	10,169
Social security costs	1,014	972
Pension costs	329	361
	<u>11,730</u>	<u>11,502</u>

Emoluments of the directors:

	£000	£000
Aggregate emoluments	92	68

Retirement benefits are accruing to the following number of directors under:

	Number of directors 1999	1998
Money purchase schemes	-	-
Defined benefit schemes	1	1

Notes *(continued)*

8 Tax on profit on ordinary activities

	1999 £000	1998 £000
<i>Tax on profit at 31% (1998: 31.5%):</i>		
Corporation tax - current year	475	620
- prior year	(130)	-
	<u>345</u>	<u>620</u>
	<u><u>345</u></u>	<u><u>620</u></u>

9 Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
<i>Cost:</i>				
At 1 October 1998	169	4,191	1,515	5,875
Additions	-	-	178	178
Disposals	-	(779)	(514)	(1,293)
	<u>169</u>	<u>3,412</u>	<u>1,179</u>	<u>4,760</u>
At 30 September 1999	<u><u>169</u></u>	<u><u>3,412</u></u>	<u><u>1,179</u></u>	<u><u>4,760</u></u>
<i>Accumulated depreciation:</i>				
At 1 October 1998	169	2,999	1,098	4,266
Charge for the year	-	293	143	436
Disposals	-	(766)	(329)	(1,095)
	<u>169</u>	<u>2,526</u>	<u>912</u>	<u>3,607</u>
At 30 September 1999	<u><u>169</u></u>	<u><u>2,526</u></u>	<u><u>912</u></u>	<u><u>3,607</u></u>
<i>Net book value:</i>				
At 30 September 1999	-	886	267	1,153
	<u><u>-</u></u>	<u><u>886</u></u>	<u><u>267</u></u>	<u><u>1,153</u></u>
At 30 September 1998	-	1,192	417	1,609
	<u><u>-</u></u>	<u><u>1,192</u></u>	<u><u>417</u></u>	<u><u>1,609</u></u>

Notes *(continued)*

10 Stocks and work in progress

	1999 £000	1998 £000
Raw materials and consumables	1,066	1,105
Work in progress	756	285
	<u>1,822</u>	<u>1,390</u>
<i>Work in progress comprises:</i>		
Net costs less foreseeable losses	756	1,362
Payments on account	-	(1,077)
	<u>756</u>	<u>285</u>

11 Debtors

	£000	£000
<i>Amounts falling due within one year:</i>		
Trade debtors	3,512	4,316
Amounts owed by group undertakings	492	582
Prepayments and accrued income	280	277
	<u>4,284</u>	<u>5,175</u>

12 Creditors: amounts falling due within one year

	£000	£000
Bank overdraft	607	1,330
Trade creditors	459	1,723
Amounts owed to group undertakings	86	10
Corporation tax	473	264
Social security and other taxation	1,646	848
Accruals and deferred income	3,259	3,615
	<u>6,530</u>	<u>7,790</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.

Notes (continued)

13 Provisions for liabilities and charges

	1999 £000	1998 £000
Guarantee work and repairs	-	50
	<u> </u>	<u> </u>

The movement on guarantee work and repairs in the year is as follows:

	Other provisions £000
At beginning of year	50
Released to the profit and loss account	(50)
At end of year	<u> </u> -

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 £431,000 (1998: £225,000).

14 Called up share capital

	1999 £	1998 £
<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.

15 Profit and loss account

	£000	£000
At 1 October	(158)	(1,973)
Retained profit for the year	395	1,815
At 30 September	<u>237</u>	<u>(158)</u>

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Profit for the financial year	395	1,815
Net additions to shareholders' funds	395	1,815
Opening shareholders' funds	342	(1,473)
Closing shareholders' funds	737	342

17 Financial commitments

At 30 September 1999 the company had annual commitments under operating leases which expire:

	Land and buildings 1999 £000	1998 £000
Within one year	56	23
In the second to fifth years	12	68
Over five years	407	402
	475	493

18 Pensions

The company operates both a funded defined benefit contributory pension scheme and a defined contribution pension scheme which was introduced on 1 January 1993.

In respect of the former, contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was 31 July 1998 and showed that the market value of the scheme's assets was £30.1 million and that the actuarial value of those assets represented 117% of the benefits that had accrued to member, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to long-term future average real rates of return and long-term average real pay growth of plan members. It was assumed that the long-term future average real rates of return on new money becoming available for investment would be 2.5% per annum on assets backing pensions in payment and 3.5% per annum on other assets, and that long-term average real pay growth of plan members would be 1.75% per annum. Real rates refer to the excess over growth of the retail price index which it was assumed would be 2.5% per annum.

In respect of the defined contributions scheme, the assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £228,000 (1998: £223,000).

Notes *(continued)*

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.

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.