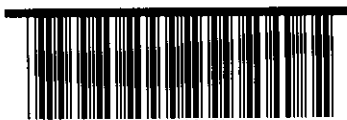


**ALSTOM TRANSPORT HONG KONG LTD**

**Report and Financial Statements**

**Year Ended 31 March 1999**



# **ALSTOM TRANSPORT HONG KONG LTD**

## **DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 March 1999.

### **Principal activity and business review**

The Company's principal activity is the refurbishment and repair of railway vehicles and rapid transit systems in Hong Kong. Trade has continued to expand satisfactorily during the year.

### **Results**

The profit and loss account for the year is set out on page 5.

### **Dividends**

The Directors recommend the payment of a dividend of £150,000 per ordinary share (1998: £250,000) and consequently, of the profit for the financial year of £324,542, an amount of £24,542 has been transferred to reserves.

### **Directors**

The Directors of the Company during the year were P. Green and D.E. Smith.

### **Directors' interests**

According to the register kept by the Company in accordance with Section 325 of the Companies Act 1985, no Director of the Company had any disclosable interest in the shares of the Company or its ultimate holding company.

### **Research and development**

Research and development activities are undertaken by the Company's fellow subsidiary undertaking ALSTOM Transport Ltd utilising the resources of the ALSTOM Group.

### **Employees**

Employees are those employed in Hong Kong. An element of administration and project control is carried out by personnel employed by ALSTOM Train Services Ltd.

### **Year 2000**

The company is a wholly owned subsidiary of ALSTOM UK Ltd, and details of plans to address year 2000 computer issues are given in the Directors' Report of that company.

**ALSTOM TRANSPORT HONG KONG LTD**

**DIRECTORS' REPORT (continued)**

**Auditors**

A resolution to re-appoint the auditors, Arthur Andersen, will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**



.....  
**B. Lasalle,**  
**Secretary.**

**Date:** 16. 8. 99

**Registered Office**  
**PO Box 248**  
**Leigh Road**  
**Washwood Heath**  
**Birmingham**  
**B8 2YF**

# **ALSTOM TRANSPORT HONG KONG LTD**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **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 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.

## Auditors' report

### **To the Shareholders of ALSTOM Transport Hong Kong Ltd:**

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

16 August 1999

# ALSTOM TRANSPORT HONG KONG LTD

## PROFIT AND LOSS ACCOUNT

Year Ended 31 March 1999

	Notes	1999 £	1998 £
Turnover	2	8,072,038	7,500,204
Cost of Sales		(7,304,299)	(6,443,000)
Gross Profit		<u>767,739</u>	<u>1,057,204</u>
Administration Costs		(291,197)	(243,792)
Operating Profit and Profit on ordinary activities before taxation	3	<u>476,542</u>	<u>813,412</u>
Tax on profit on ordinary activities	5	(152,000)	(260,000)
Profit for the financial year		<u>324,542</u>	<u>553,412</u>
Dividends proposed on equity shares	6	(300,000)	(500,000)
Retained profit for the financial year		<u>24,542</u>	<u>53,412</u>

## STATEMENT OF MOVEMENT ON RESERVES

Profit and loss account	£
Balance at 1 April 1998	115,579
Retained profit for the financial year	<u>24,542</u>
Balance at 31 March 1999	<u>140,121</u>

# ALSTOM TRANSPORT HONG KONG LTD

## BALANCE SHEET

31 March 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	7	35,136	47,255
<b>CURRENT ASSETS</b>			
Stocks	8	99,713	68,493
Debtors	9	10,839,568	16,275,177
Cash at bank and in hand		9,455	28,456
		10,948,736	16,372,126
<b>Creditors:</b> amounts falling due within one year	10	(10,843,749)	(9,418,058)
<b>NET CURRENT ASSETS</b>		104,987	6,954,068
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		140,123	7,001,323
<b>Creditors:</b> amounts falling due after more than one year	11	-	(6,884,742)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	-	(1,000)
<b>NET ASSETS</b>		140,123	115,581
<b>CAPITAL AND RESERVES</b>			
Share capital	13	2	2
Profit and loss account		140,121	115,579
<b>EQUITY SHAREHOLDERS' FUNDS</b>		140,123	115,581

The financial statements on pages 5 to 14 were approved by the Board of Directors on 16 August 99 and were signed on its behalf by:



D.E. Smith,  
Director.

# ALSTOM TRANSPORT HONG KONG LTD

## NOTES TO THE ACCOUNTS

Year Ended 31 March 1999

### 1. ACCOUNTING POLICIES

The principal accounting policies of the Company, all of which have been applied consistently throughout the year and the proceeding year, are described below.

#### **Basis of preparation**

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

#### **Turnover**

Turnover represents the invoiced value of deliveries. Taxes on sales are excluded.

#### **Contract results and work in progress**

The major part of the activities of the Company comprises contracts which extend over several years, many of which by their nature are complex. Discrete deliveries within a contract are separately invoiced as work progresses. Work in progress relates to the un-invoiced portion of a contract and is consistently valued at the beginning and end of the year at the lower of cost and estimated net realisable value.

Contracts are subject to regular detailed financial and technical reviews to determine their progress and likely outcome. Costs to complete are assessed throughout the progress of work including commissioning and maintenance costs and appropriate contingencies dependent on the nature of the work being undertaken and the stage of completion reached. Where contract assessments indicate with reasonable certainty that profits will be earned, a proportion of such profit is credited in the accounts by reference to the deliveries invoiced. If the assessment indicated that the contract will be completed at a loss, the loss is recognised immediately.

#### **Depreciation**

Depreciation is calculated to write off the cost of fixed assets, during their expected useful lives, on a straight-line basis.

The principal annual rates used for this purpose are:-

	%
Freehold buildings	4
Plant and equipment	10
Data processing equipment	20
Motor vehicles	25 - 33 1/3



# **ALSTOM TRANSPORT HONG KONG LTD**

## **NOTES TO THE ACCOUNTS (continued)** **Year Ended 31 March 1999**

### **1. ACCOUNTING POLICIES (continued)**

#### **Depreciation (continued)**

A proportion of one year's depreciation is charged in the year of purchase or sale of these assets. No depreciation is charged on capital work in progress until it is brought into use.

#### **Research and development**

Research costs are written off in the year in which they are incurred. Where development costs are incurred on products for which orders have been received, the costs are capitalised and amortised over the estimated product lives. Otherwise development costs are similarly written off in the year they are incurred.

#### **Taxation**

Taxation on profit on ordinary activities is that which has become or becomes payable in respect of the profits of the year.

Deferred taxation is provided at the rate of corporation tax expected to arise in the year of assessments on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

#### **Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at the rate at which the translation is contracted to be settled in the future. The differences arising from changes in exchange rates on revenue transactions are dealt with through the profit and loss account.

# ALSTOM TRANSPORT HONG KONG LTD

## NOTES TO THE ACCOUNTS (continued) Year Ended 31 March 1999

### 2. TURNOVER

The turnover results from the Company's principal trading activity being the repair and refurbishment of railway vehicles and rapid transit systems in Hong Kong.

### 3. OPERATING PROFIT

Operating profit is stated after charging (crediting):

	1999 £	1998 £
Auditors remuneration	1,000	-
Operating lease rentals		
- other	98,000	71,000
Depreciation of owned tangible fixed assets	16,879	16,000
Profit on disposal of fixed assets	<u>(6,000)</u>	<u>-</u>

### 4. STAFF COSTS AND DIRECTORS' REMUNERATION

Directors' remuneration for this year was £nil (1998 - £nil)

Number of employees	1999 Average	1999 Year end	1998 Average	1998 Year end
a. By Location:				
Overseas	<u>21</u>	<u>21</u>	<u>20</u>	<u>20</u>
b. By Function:				
Manufacture & Engineering	<u>21</u>	<u>21</u>	<u>20</u>	<u>20</u>

Staff costs	1999 Overseas £	1999 Total £	1998 Overseas £	1998 Total £
Wages and salaries	528,835	528,835	486,347	486,347
Social security and other pension costs	-	-	-	-
	<u>528,835</u>	<u>528,835</u>	<u>486,347</u>	<u>486,347</u>

**ALSTOM TRANSPORT HONG KONG LTD****NOTES TO THE ACCOUNTS (continued)**  
**Year Ended 31 March 1999****5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1999</b> <b>£</b>	<b>1998</b> <b>£</b>
United Kingdom corporation tax at 31% (1998:31%).	153,000	260,000
Less: Relief for overseas tax	<u>(82,000)</u>	<u>(138,000)</u>
	71,000	122,000
Less: Deferred taxation	(1,000)	-
Overseas tax	<u>82,000</u>	<u>138,000</u>
	<u>152,000</u>	<u>260,000</u>

**6. DIVIDENDS PROPOSED ON EQUITY SHARES.**

	<b>1999</b> <b>£</b>	<b>1998</b> <b>£</b>
Final proposed of £150,000 (1998 - £250,000) per ordinary share.	<u>300,000</u>	<u>500,000</u>

# ALSTOM TRANSPORT HONG KONG LTD

## NOTES TO THE ACCOUNTS (continued) Year Ended 31 March 1999

### 7. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures fittings, tools & equipment £	Total £
<b>Cost</b>			
At 1 April 1998	11,454	114,327	125,781
Additions	-	4,760	4,760
Disposals	-	(7,855)	(7,855)
At 31 March 1999	11,454	111,232	122,686
<b>Depreciation</b>			
At 1 April 1998	4,239	74,287	78,526
Charge for the year	998	15,881	16,879
Depreciation on disposals	-	(7,855)	(7,855)
At 31 March 1999	5,237	82,313	87,550
<b>Net Book Value</b>			
At 31 March 1999	6,217	28,919	35,136
At 31 March 1998	7,215	40,040	47,255

### 8. STOCKS

	1999 £	1998 £
Work in progress	7,426,366	6,208,203
Less: applicable payments on account	(7,326,653)	(6,139,710)
	99,713	68,493

**ALSTOM TRANSPORT HONG KONG LTD****NOTES TO THE ACCOUNTS (continued)**  
**Year Ended 31 March 1999****9. DEBTORS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Trade debtors	849,486	621,413
Amounts recoverable on long-term contracts - retentions	71,246	132,462
Amounts owed by group undertakings	9,808,141	15,346,928
Other debtors	57,355	59,647
Prepayments	53,340	114,727
	<u>10,839,568</u>	<u>16,275,177</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Payments received on account	8,286,767	6,571,799
Trade creditors	650,945	515,916
Amount owed to group undertakings	1,421,414	1,505,951
Taxation	180,724	292,000
Other creditors	3,899	32,392
Proposed dividend	300,000	500,000
	<u>10,843,749</u>	<u>9,418,058</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Payments received on account	<u>-</u>	<u>6,884,742</u>

# ALSTOM TRANSPORT HONG KONG LTD

## NOTES TO THE ACCOUNTS (continued) Year Ended 31 March 1999

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
Deferred tax on accelerated capital allowances		
Amount provided	-	1,000
Full potential liability	-	1,000

### 13. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised, issued and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 14. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	1999 £	1998 £
Land and Buildings		
Operating leases which expire		
- within one year	15,000	118,000
- between two and five years	-	25,000
	<u>15,000</u>	<u>143,000</u>

### 15. CASH FLOW STATEMENT

Under the provisions of Financial Reporting Standard No.1 (revised), the financial statements of the Company do not include a cash flow statement as the information is contained in the consolidated accounts of ALSTOM UK Ltd.

**NOTES TO THE ACCOUNTS (continued)**  
**Year Ended 31 March 1999**

**16. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

The Company's ultimate parent company and ultimate controlling party is ALSTOM S.A. which is a company incorporated in France.

The largest group in which the results of the Company are consolidated is that headed by ALSTOM S.A. The smallest group in which the results of the company are consolidated is that headed by ALSTOM UK Ltd, a company incorporated in Great Britain and registered in England and Wales. Copies of the ALSTOM UK Ltd accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

Pursuant to the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" transactions with other undertakings within the ALSTOM Group have not been disclosed within these accounts.