

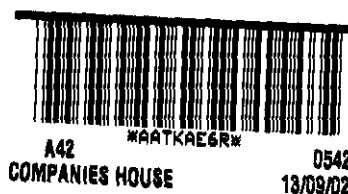


# Knorr-Bremse

**Systems for Commercial Vehicles Limited**

**Directors' report and financial statements  
31 December 2001**

**Registered number 529247**





# **Knorr-Bremse Systems for Commercial Vehicles Limited**

## ***Directors report and financial statements***

<i>Contents.....</i>	<i>Pages</i>
Directors report	1 - 3
Statement of directors' responsibilities	4
Auditors report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes	9 - 21



# **Knorr-Bremse Systems for Commercial Vehicles Limited**

## **Directors' Report**

*for the year ended 31 December 2001*

The Directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### **Principal activities**

The company's principal activities remain the marketing, manufacture and remanufacture of commercial vehicle braking and air suspension equipment for the world-wide markets.

### **Business Review**

As described in previous years reports, the company continues to follow a strategy developed to support its customers by making available latest technology new generation braking systems, primarily sourced from within the Knorr-Bremse group, as well as its highly regarded traditional older generation where significant demand still exists within the life cycle. This strategy continues to lead to a reduction of the manufactured content of the business with an increase in merchandised product sales.

As planned, the number of employees reduced in 2001 together with restructuring of the company's leaseholdings to reflect the needs of the on-going operations. As can be seen from Note 15, this has led to expenditure of £1.9m in 2001, which was fully reserved for in the 2000 accounts. A liability of £0.5m remains for the residual restructuring actions due to be expended in 2002.

Fully in line with expectations and company strategies, turnover declined by 19% compared to 2000 with the business mix moving towards the UK. UK sales now represent 65% of the business (2000: 57%). Export sales, have reduced by 33% in the year primarily reflecting product manufacturing location and sourcing strategies.

Gross profit margins have remained stable overall at 27.0% (2000: 27.3%) but a significant improvement in Return on Sales (ROS) to 7.1% (2000: 4.5%) has been achieved. Excluding the exceptional items in 2000, ROS has increased to 7.1% from 6.5% despite the lower sales levels reflecting the continued positive results from the restructuring process coming to fruition.

As anticipated and planned, headcount has continued to fall through 2001 in reaction to the changing mix of the business in combination with productivity and technological improvements. During 2001 the company employed an average of 202 personnel on its activities - a decline of 147 or 42% on the 2000 level of 349. All sections of the workforce were impacted by the reduction.

### **Dividends**

An interim dividend of £800,000 was paid to the shareholders in October 2001. No final dividend has been recommended or approved.



# **Knorr-Bremse Systems for Commercial Vehicles Limited**

## **Directors' Report**

*for the year ended 31 December 2001*

### **Directors and Directors' interests**

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

M.Smith

O.Flach (Germany)

M.Stevens

P.Dietrich (Germany)

J.Parr (appointed 1 July 2001)

None of the Directors who held office at the end of the financial year had any interests in the shares of the company or any other group company located in the United Kingdom at any time during the year.

### **Employees**

It is the company's intention to keep employees fully informed of the operational position of the business and its future plans, whenever possible.

The company's policy in relation to disabled persons is:-

- a) In its employee recruitment practices, full consideration is given to job applications received from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the duties of the job. Where disabled persons have the aptitudes and abilities necessary for the job, sympathetic consideration is given to their applications. Where necessary, and where possible, special training arrangements are made to facilitate the engagement and induction of selected disabled candidates.
- b) Where an employee becomes disabled whilst employed by the company, arrangements are made, where ever possible, either to transfer the person to suitable alternative employment or to retrain them in order to enable them to perform a job identified as appropriate to their aptitude and abilities.
- c) Encouragement is given in the training, career development and promotion of all employees according to the opportunities available, organisational requirements and individual aptitude and abilities. This policy includes disabled employees for whom any further necessary training is arranged taking into account their particular needs.



# **Knorr-Bremse Systems for Commercial Vehicles Limited**

## **Directors' Report**

*for the year ended 31 December 2001*

### **Political and charitable contributions**

The company made no political contributions during the year (2000: £nil). Donations to events and charities amounted to £126 (2000: £1,948).

### **Auditors**

KPMG have continued to act as auditors to the company and, pursuant to a shareholders resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

John Parr

Managing Director

By order of the board on 29th August 2002

Douglas Road  
Kingswood  
Bristol BS15 8NL



# **Knorr-Bremse Systems for Commercial Vehicles Limited**

## **Directors' Report**

*for the year ended 31 December 2001*

### **Statement of Directors' responsibilities**

Company law requires that the Directors prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and 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 being 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 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.

**Independent auditors' report to the members of Knorr-Bremse Systems for Commercial Vehicles Limited.**

We have audited the financial statements on pages 6 to 21 in accordance with Auditing Standards.

***Respective responsibilities of Directors and Auditors***

The Directors are responsible for preparing the Directors' report and, as described on page 4, 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 professions' 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***

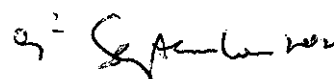
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG LLP**  
Registered Auditor  
Chartered Accountants





# Knorr-Bremse Systems for Commercial Vehicles Limited

## Profit and Loss account

for the year ended 31 December 2001

		Continuing Operations 2001	Continuing Operations 2000
	Note	£000	£000
<b>Turnover</b>	2	38,222	47,382
Cost of sales		(27,884)	(34,447)
<b>Gross Profit</b>		<u>10,338</u>	<u>12,935</u>
Distribution costs		(497)	(590)
Administrative expenses		(7,387)	(9,257)
Other operating income		15	78
<b>Operating profit</b>		<u>2,469</u>	<u>3,166</u>
<b>Exceptional Items</b>			
Restructuring Costs	7	-	(3,289)
Profit on Sale of Assets	7	-	2,347
<b>Operating Profit after Exceptional Items</b>		<u>2,469</u>	<u>2,224</u>
Interest receivable		237	113
Interest payable	6	-	(189)
<b>Profit on ordinary activities before taxation</b>	3-5	<u>2,706</u>	<u>2,148</u>
Tax on profit on ordinary activities	8	(732)	(632)
<b>Profit on ordinary activities after taxation</b>		<u>1,974</u>	<u>1,516</u>
Dividends on equity shares	9	(800)	-
<b>Retained Profit/(Loss) for the year</b>		<u>1,174</u>	<u>1,516</u>
Retained Profit brought forward		1,576	60
<b>Retained profit carried forward</b>		<u>2,750</u>	<u>1,576</u>

There were no other recognised gains or losses other than those included in the above Profit and Loss Account.





# Knorr-Bremse Systems for Commercial Vehicles Limited

## Balance Sheet

at 31 December 2001

	Note	2001	2000
		£000	£000
<b>Fixed assets</b>			
Tangible assets	10	1,518	2,360
Investment	11	97	97
		<u>1,615</u>	<u>2,457</u>
<b>Current assets</b>			
Stocks	12	3,170	3,671
Debtors	13	12,785	12,663
Cash at bank and in hand		58	599
		<u>16,013</u>	<u>16,933</u>
<b>Creditor amounts falling due within one year</b>	14	<u>(8,173)</u>	<u>(9,385)</u>
<b>Net current assets</b>		<u>7,840</u>	<u>7,548</u>
<b>Total assets less current liabilities</b>		<u>9,455</u>	<u>10,005</u>
<b>Provisions for liabilities and charges</b>	15	<u>(485)</u>	<u>(2,209)</u>
<b>Net assets</b>		<u>8,970</u>	<u>7,796</u>
<b>Capital and reserves</b>			
Called up share capital	16	390	390
Share premium account	17	5,830	5,830
Profit and loss account		2,750	1,576
<b>Equity shareholders' funds</b>		<u>8,970</u>	<u>7,796</u>

These financial statements were approved by the Board of Directors on 29th August 2002 and were signed on its behalf by:

**Mark Smith**  
Financial Director



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Cashflow Statement

for the year ended 31 December 2001

	Note	2001	2000
		£000	£000
Net cash inflow from operating activities	22	2,056	5,405
Returns on investments and servicing of finance			
Interest received		237	113
Interest paid		-	(175)
Net cash outflow		237	(62)
Taxation			
Corporation tax paid		(674)	(575)
Tax repayment		-	2
Income tax on royalties received		(2)	(7)
Tax paid		(676)	(580)
Capital Expenditure			
Payments to acquire tangible fixed assets		(186)	(319)
Receipts from sale of tangible fixed assets		457	6,641
Net cash outflow for capital expenditure		271	6,322
		1,888	11,085
Equity Dividends Paid		(800)	-
Financing			
Decrease in short term borrowing		-	(5,983)
(Increase) in loans to parent and group undertakings		(1,629)	(4,606)
Net cash outflow from financing		(1,629)	(10,589)
(Decrease)/Increase in cash	23	(541)	496
Reconciliation of Net Cash Flow to movement in Net Debt			
(Decrease)/Increase in cash in the period		(541)	496
Decrease/(Increase) in short term borrowing		-	5,983
		-	5,983
Movement in Net Cash and Debt		(541)	6,479
Net Cash/(Debt) as at 1 January		599	(5,880)
Net Cash as at 31 December	23	58	599



## **Knorr-Bremse Systems for Commercial Vehicles Limited**

### **Notes to the accounts**

*for the year ended 31 December 2001*

#### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### ***Basis of preparation***

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

##### ***Fixed assets and depreciation***

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

Plant and machinery	3 to 15 years
Fixtures, fittings, tools and equipment	3 to 10 years

##### ***Leases***

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

##### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

##### ***Net Cash and Debt***

Net cash and debt is defined as that cash held in hand and at banks less any bank borrowings outstanding at balance sheet date. Any intercompany loans are shown separately as part of debtors and/or creditors if applicable at balance sheet date.



## **Knorr-Bremse Systems for Commercial Vehicles Limited**

### **Notes to the accounts**

*for the year ended 31 December 2001*

#### ***Pension Schemes***

The company operates contributory and non-contributory pension schemes providing benefits based upon final pensionable pay. The assets of the schemes are held separately from those of the company, being invested in trustee administered funds. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

#### ***Research and development***

Expenditure on research and development is written off against the profits in the period in which it is incurred.

#### ***Stocks***

Stocks are stated at the lower of cost or realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the latest purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of any attributable overheads.

#### ***Taxation***

The charge for taxation is based upon the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the manufacture, remanufacture and distribution of commercial vehicle braking systems. Sales are recognised at the point of despatch from the company's premises.



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Notes to the accounts

for the year ended 31 December 2001

### 2 Analysis of turnover by geographical market

	2001	2000
	£000	£000
United Kingdom	24,686	27,137
Overseas	13,536	20,245
	<u>38,222</u>	<u>47,382</u>

All of the turnover was derived from the company's principal activity, which is carried out wholly within the United Kingdom.

### 3 Profit on ordinary activities before taxation

	2001	2000
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:-</i>		
Auditors' remuneration:		
Audit	29	29
Other services	74	21
Depreciation and other amounts written off:		
Owned Tangible Fixed Assets	646	1,082
Hire of assets other than plant and machinery - rentals payable under operating leases	814	835
Research & Development Expenditure	34	2,037

### 4 Remuneration of Directors

	2001	2000
	£000	£000
Directors' emoluments (excluding company pension contributions)	284	216
	<u>284</u>	<u>216</u>

There were no amounts paid to, or on behalf of, Directors in respect of long term incentive schemes, money purchase pension schemes or excess retirement benefits over original entitlements. The emoluments, excluding pension contribution, of the highest paid Director was £164,755 (2000: £123,232). The highest paid Director, at the year end, is a member of a defined benefit pension scheme under which the accrued pension benefit at the year end was £14,000 (2000: £8,000)



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Notes to the accounts

for the year ended 31 December 2001

	Number of Directors	
	2001	2000
Retirement benefits are accruing to the following numbers of Directors under:		
Defined benefit schemes	<u>3</u>	<u>2</u>

### 5 Personnel numbers and costs

The average number of persons employed by the company (including Directors) during the period, analysed by category, was as follows:

	Number of employees	
	2001	2000
Manual workers	135	251
Staff	<u>67</u>	<u>98</u>
	<u>202</u>	<u>349</u>

The aggregate payroll costs of these persons was as follows:

	2001	2000
	£000	£000
Wages and salaries	5,204	7,710
Social security costs	408	592
Other pension costs	<u>948</u>	<u>574</u>
	<u>6,560</u>	<u>8,876</u>

### 6 Interest payable

	2001	2000
	£000	£000
On bank loans and other loans wholly repayable within five years	<u>-</u>	<u>189</u>



## Knorr-Bremse Systems for Commercial Vehicles Limited

### Notes to the accounts

for the year ended 31 December 2001

#### 7 Exceptional Items

Restructuring costs are reported under FRS3 due to their significance in these accounts. During 2000 a total of £1,164,000 was paid to employees made redundant and further £2,125,000 was provided for in a detailed balance sheet reserve for future payments. The above are in support of the company's strategy with reduced manufacturing activity leading to the need for fewer employees.

During 2000, the majority of the land and buildings owned by the company were sold along with plant and equipment not necessary for the company's future manufacturing strategy. The sale of these assets amounted to £6,641,000 with book value written off at £4,294,000 yielding an exceptional income of £2,347,000 in the year. That part of the land and buildings required for future operations of the company have been leased back from the purchaser.

#### 8 Taxation

	2001 £000	2000 £000
UK corporation tax at 30% (2000: 30%)	961	580
Deferred taxation	-	(80)
Prior year adjustment	(229)	132
	<u>732</u>	<u>632</u>

#### 9 Dividends

	2001 £000	2000 £000
Equity shares:		
Interim dividend paid	<u>800</u>	<u>-</u>



## Knorr-Bremse Systems for Commercial Vehicles Limited

### Notes to the accounts

for the year ended 31 December 2001

#### 10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures fittings tools and equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At beginning of year	42	11,793	1,175	13,010
Additions	-	107	79	186
Disposals	(42)	(3,902)	(460)	(4,404)
Reclassification	-	-	-	-
At end of year	<u>-</u>	<u>7,998</u>	<u>794</u>	<u>8,792</u>
<b>Depreciation</b>				
At beginning of year	12	9,881	757	10,650
Charged in year	-	434	212	646
Disposals	(12)	(3,652)	(358)	(4,022)
Reclassification	-	-	-	-
At end of year	<u>-</u>	<u>6,663</u>	<u>611</u>	<u>7,274</u>
<b>Net book value</b>				
At 31 December 2001	<u>-</u>	<u>1,335</u>	<u>183</u>	<u>1,518</u>
At 31 December 2000	<u>30</u>	<u>1,912</u>	<u>418</u>	<u>2,360</u>

There are no depreciable buildings included within freehold land and buildings (2000: £15,000).

#### 11 Investments

The investment represents 100% of the share capital of Knorr-Bremse UK Limited, which is incorporated in the United Kingdom and registered in England and Wales. This investment was acquired on 31 October 1994 by the issue of 97,150 'A' ordinary shares of £1 each at par. On the same date the business assets and liabilities of Knorr-Bremse UK Limited were transferred to the company at book value.

Knorr-Bremse UK Limited has been dormant since acquisition and had net assets of £206,831 at 31 December 1997 consisting of amounts owed by Knorr-Bremse Systems for Commercial Vehicles Limited. Because this subsidiary is dormant and its balance sheet amounts are immaterial, the directors have not prepared group accounts as permitted by the Companies Act 1985 and accounting standards.





## Knorr-Bremse Systems for Commercial Vehicles Limited

### Notes to the accounts

*for the year ended 31 December 2001*

12	Stocks	2001 £000	2000 £000
	Raw materials and work in progress	1,145	1,467
	Finished goods and goods for resale	<u>2,025</u>	<u>2,204</u>
		<u>3,170</u>	<u>3,671</u>

In the opinion of the directors there is no material difference between the replacement cost of the stocks and their balance sheet amounts.

13	Debtors	2001 Due within one year £000	2000 Due within one year £000
	Trade debtors	4,414	5,894
	Amounts owed by parent and fellow subsidiary undertakings	1,740	1,874
	Amounts loaned to parent and fellow subsidiary undertakings	6,235	4,606
	Other debtors	283	190
	Prepayment and accrued income	<u>113</u>	<u>99</u>
		<u>12,785</u>	<u>12,663</u>



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Notes to the accounts

for the year ended 31 December 2001

### 14 Creditors : amounts falling due within one year

	2001 £000	2000 £000
Trade creditors	1,195	2,113
Bill of exchange in favour of parent undertakings	1,166	1,528
Amount owed to parent and fellow subsidiary undertakings	1,867	2,091
Amount owed to subsidiary undertakings	207	207
Corporation tax	551	495
Other tax and social security	362	608
Other creditors	1,202	681
Accruals and deferred income	1,623	1,662
	<u>8,173</u>	<u>9,385</u>

### 15 Provisions for liabilities and charges

	Restructuring Costs £000	Taxation including Deferred taxation £000	Total £000
At beginning of year	2,209	-	2,209
Utilisation during the year	(1,916)		(1,916)
Reversal of over provision	(293)	-	(293)
Charge for the year	485		485
At end of year	<u>485</u>	<u>-</u>	<u>485</u>



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Notes to the accounts

for the year ended 31 December 2001

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001		2000	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
Accelerated capital allowances	-	(156)	-	(97)
Timing differences on pension accrual	-	(349)	-	(180)
Other timing differences	-	(254)	-	(70)
	<u>-</u>	<u>(759)</u>	<u>-</u>	<u>(347)</u>

### 16 Called up share capital

	2001	2000
	£000	£000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1,000	1,000
Equity: Ordinary 'A' shares of £1 each	<u>97</u>	<u>97</u>
	<u>1,097</u>	<u>1,097</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	293	293
Equity: Ordinary 'A' shares of £1 each	<u>97</u>	<u>97</u>
	<u>390</u>	<u>390</u>

### 17 Share Premium and Reserves

	Share premium account £000	Profit or loss £000
At beginning of year	5,830	1,576
Retained profit for the year	<u>-</u>	<u>1,174</u>
At end of year	<u>5,830</u>	<u>2,750</u>



# Knorr-Bremse Systems for Commercial Vehicles Limited

## Notes to the accounts

for the year ended 31 December 2001

### 18 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Profit for the financial period	1,974	1,516
Dividends	(800)	-
Net additions to shareholders' funds	<u>1,174</u>	<u>1,516</u>
Opening equity shareholders' funds	<u>7,796</u>	<u>6,280</u>
Closing equity shareholders' funds	<u>8,970</u>	<u>7,796</u>

### 19 Contingent liabilities

The company has contingent liabilities in respect of guarantees to HM Customs & Excise of £200,000 (2000 : £200,000).

### 20 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made

	2001 £000	2000 £000
Contracted	<u>26</u>	<u>25</u>

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

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	85	67	146	57
In the second to fifth years inclusive	258	128	-	246
Over five years	-	-	-	-
	<u>343</u>	<u>195</u>	<u>146</u>	<u>303</u>



## **Knorr-Bremse Systems for Commercial Vehicles Limited**

### **Notes to the accounts**

*for the year ended 31 December 2001*

#### **21 Pension schemes**

##### **SSAP24 disclosures**

The most recent valuation was at 1 January 2001. The assumptions which have the most significant effect on the results of the valuation are set out below:

Rate of return on investments pre retirement	6.25% per annum
Rate of return on investments post retirement	5.25% per annum
Rate of pensionable salary increases	4.0% per annum
Rate of increase of present and future pensions	By R.P.I up to a max of 5%

The pension charge for the year of £948,000 (2000 : £574,000) takes into account the amortisation of any surpluses or deficits that are being recognised over 13 years, the average remaining service life of employees. The amount of the provision at the end of the year included in other creditors was £1,164,000 (2000 : £601,000).

The most recent actuarial valuation showed that the market value of the scheme's assets was £ 50,980,000 and that the actuarial value of those assets represented 101% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the valuation the trustees have approved the increase with effect from 1 January 2002 in contribution rates from 7.1% to 12.5% for the employer and 5% to 6% for the members respectively for the company's section of the scheme.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

##### **FRS17**

The group pension scheme, to which the company is a member, contributes to funded pension schemes providing benefits based upon final pensionable pay, contributions being charged to the profit & loss account so as to spread the cost of pensions over the working lives of the employees in the contributing companies. Because the company is unable to identify its share of the schemes assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement Benefits', the scheme will be accounted for by the company, when the accounting standard is fully adopted, as if the scheme was a defined contribution scheme.

The contributions are determined by a qualified Actuary on the basis of triennial valuations using the projected unit method.



## Knorr-Bremse Systems for Commercial Vehicles Limited

### Notes to the accounts

for the year ended 31 December 2001

#### 22 Reconciliation of operating profit to net cash inflow from operating activities

	2001 £000	2000 £000
Operating profit	2,469	2,224
Depreciation charges	646	1,082
Profit on sales of tangible fixed assets	(75)	(2,347)
Decrease/(Increase) in stocks	501	(27)
Decrease in debtors	1,373	2,966
Decrease in creditors	(682)	(734)
(Decrease)/Increase in provision for restructuring costs	(1,724)	2,209
(Increase)/Decrease in net amounts due from group undertakings	(452)	32
Net cash inflow from operating activities	<u>2,056</u>	<u>5,405</u>

#### 23 Analysis of changes in net cash and debt

	At 1 Jan. 2001 £000	Cash Flows £000	At 31 Dec. 2001 £000
Cash at bank and in hand	599	(541)	58
Bank borrowings	-	-	-
Balance at end of period	<u>599</u>	<u>(541)</u>	<u>58</u>

#### 24 Post Balance Sheet Events

In early 2002, the company agreed a settlement on a claim against one of its suppliers (who in turn agreed a settlement against its own supplier) for delivery of faulty parts. A settlement of £800,000 was received by the company against costs incurred.



## **Knorr-Bremse Systems for Commercial Vehicles Limited**

**Notes to the accounts**

*for the year ended 31 December 2001*

### **25 Related Party Disclosure**

The company is controlled by Knorr-Bremse Systeme für Nutzfahrzeuge GmbH. The ultimate controlling party is Knorr-Bremse AG.

Under FRS8 the company is exempt from the requirement to disclose transactions with other group undertakings and investors of the group qualifying as related parties of the group, as it is a wholly owned subsidiary undertaking of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH.

### **26 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, which is incorporated and registered in Germany.

The largest and smallest group in which the results of the company are consolidated is that headed by Knorr-Bremse AG, incorporated and registered in Germany. The consolidated accounts of this group are available to the public and may be obtained from Amtsgericht München, Registergericht, Postfach 80097, Munich, Germany.