

**thyssenkrupp Elevator UK Limited**

Annual report and financial statements

Registered number 00688790

Year ended 30 September 2018



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## **Strategic report**

### **for the year ended 30 September 2018**

The directors present their strategic report and the audited financial statements of the Company for the year ended 30 September 2018.

#### **Principal activities**

The principal activities of the Company are the installation, modernisation and service of lifts and escalators.

#### **Review of the business**

The loss for the year amounted to £4,765,000 (2017: profit of £853,000).

#### **Operational review**

After a positive year in 2017, which benefited from major projects, revenue overall decreased in 2018 by 17.7% from £59.1 million to £48.6 million. Although the Maintenance, Callouts and Repairs business was only 6.1% below last year, Installation and Modification turnover fell by 37.1% from £22.1 million to £13.9m, albeit the year saw the continuation of two important major New Installation projects in London. Furthermore, gross profit margin declined from 19.3% to 12.1% reflecting margin erosion caused by the challenging market conditions.

Health and safety remains a key KPI ('Key Performance Indicators') in the business with additional focus being placed on training and process improvements.

#### **Financial review**

Qualitative measures relating to 'improvements in service' are important measures of company performance to the Company and the community; however these are difficult to measure. Quantitative measures in terms of business performance and profitability are important to shareholders and the Company's other stakeholders to provide assurances as to the continuing stability of the organisation.

Basic KPIs which the Company bases financial evaluations upon are operating profit and net profit.

Operating loss margin was 9.8% in 2018 compared to an operating profit margin of 1.1% in 2017. This was largely driven by the reduction in sales of new installation projects.

Staffing remains the greatest asset, but also one of the largest costs to the company, amounting to £22.1 million in 2018, a reduction of 4.3% from 2017.

The company continues to invest in projects to improve the efficiency, effectiveness and economic performance.

## Strategic report

for the year ended 30 September 2018 *(continued)*

### Principal risks and uncertainties facing the Company

The management of the business and the execution of the company's strategy are subject to a number of risks.

One of the key business risks and uncertainties affecting the company is considered to relate to the delivery of complex installation projects within time and contractual constraints.

The current climate within the UK regarding market conditions and economic environment could have an impact on the company's trading performance as well as the decision for the UK to leave the European Union. The company has in place policies and procedures to ensure that it takes reasonable and necessary steps to mitigate its exposure to these risks and uncertainties.

### Potential IPO of the Elevator Technology business

At the end of September 2018, thyssenkrupp AG announced a proposal to divide the group into two separately listed companies in Germany, being thyssenkrupp Industrials and thyssenkrupp Materials. However, on 10 May 2019 thyssenkrupp AG announced a change to this plan, with a fundamental strategic realignment project and a planned IPO of the Elevator Technology business.

### Impact of Brexit

The impact of the EU referendum result resulting in the UK voting to leave the EU is likely to continue to lead to many months of uncertainty as the political and legal issues are worked out. The directors do not believe that it will have a material impact on the business but will monitor events closely, particularly the impact of exchange rates and the effects on its supply chain.

### Going concern

The company is dependent on support from fellow group subsidiaries. The directors have obtained confirmation that this support will continue for the foreseeable future and as such have prepared the financial statements on the going concern basis.

On behalf of the board

A handwritten signature in black ink, appearing to read 'M Kalinowski', is written over a circular stamp or seal.

**M Kalinowski**  
Director

17 June 2019

## **Directors' report**

*for the year ended 30 September 2018*

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2018.

### **Future developments**

The company continues to invest in projects to improve the efficiency, effectiveness and economic performance.

### **Dividends**

The directors do not recommend the payment of a final dividend (2017: £nil).

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include:

#### **Price risk**

Procurement prices do not vary considerably. Such risks are counteracted through margin securing measures and alternative procurement sources..

#### **Liquidity risk**

It is not foreseen that the liquidity of the company will be a risk, based upon expected payment terms and payment philosophies. The main cash account is held through intercompany pooling. It is therefore not anticipated that any credit arrangements will be necessary.

#### **Interest rate risk**

The management do not expect any financial risk to the company performance, arising from changes in interest rates. Interest bearing assets are cash balances pooled with the group. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Foreign currency risk**

The company buys materials from group companies mainly denominated in Euros. It uses forward exchange contracts to manage the risk of short-term fluctuations in the Pound to Euro exchange rate affecting margins.

#### **Going concern**

These are detailed in the review of the business in the strategic report on page 2.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

K Taylor

G Burits (resigned 31 October 2017)

Dr W Nehring (resigned 31 December 2017)

M Kalinowski (appointed 27 April 2018)

J Wartinger (appointed 17 June 2018, resigned 9 July 2018)

## Directors' report

*for the year ended 30 September 2018 (continued)*

### 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.

### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

On behalf of the board

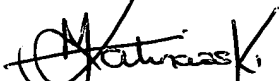
### Disclosure of information to auditors

As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



M Kalinowski  
Director

17 June 2019

## **Independent auditors' report to the members of thyssenkrupp Elevator UK Limited**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, thyssenkrupp Elevator UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2018; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

## **Independent auditors' report to the members of thyssenkrupp Elevator UK Limited (continued)**

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



## **Independent auditors' report to the members of thyssenkrupp Elevator UK Limited (continued)**

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### **Other required reporting**

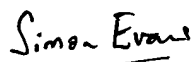
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#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Simon Evans (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
17 June 2019

**Income Statement**  
*for the year ended 30 September 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Revenue	5	<b>48,600</b>	59,065
Cost of sales		<b>(42,717)</b>	(47,679)
<b>Gross profit</b>		<b>5,883</b>	11,386
Distribution costs		<b>(5,032)</b>	(5,916)
Administrative expenses		<b>(5,635)</b>	(4,837)
<b>Operating (loss)/profit</b>	6	<b>(4,784)</b>	633
<b>(Loss)/profit before interest and taxation</b>		<b>(4,784)</b>	633
Finance income	8	<b>1</b>	13
Finance costs	8	<b>(60)</b>	(15)
<b>(Loss)/profit before taxation</b>		<b>(4,843)</b>	631
Income tax credit	9	<b>78</b>	222
<b>(Loss)/profit for the financial year</b>		<b>(4,765)</b>	853

There are no recognised gains and losses for the financial years other than those included above. Accordingly, no separate statement of comprehensive income is presented.

**Statement of financial position**  
*at 30 September 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	<i>10</i>	-	-
Property, plant and equipment	<i>11</i>	<b>1,447</b>	<b>1,542</b>
		<hr/>	<hr/>
		<b>1,447</b>	<b>1,542</b>
<b>Current assets</b>			
Inventories	<i>12</i>	<b>7,702</b>	<b>6,887</b>
Trade and other receivables	<i>13</i>	<b>13,547</b>	<b>13,397</b>
Cash and cash equivalents		<b>180</b>	<b>166</b>
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	<b>21,429</b> <b>(24,152)</b>	<b>20,450</b> <b>(18,503)</b>
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		<b>(2,723)</b>	<b>1,947</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>(1,276)</b>	<b>3,489</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>(1,276)</b>	<b>3,489</b>
		<hr/>	<hr/>
<b>Equity</b>			
Called up share capital	<i>16</i>	<b>2,300</b>	<b>2,300</b>
Other reserves – capital contributions		<b>42,500</b>	<b>42,500</b>
Accumulated losses		<b>(46,076)</b>	<b>(41,311)</b>
		<hr/>	<hr/>
<b>Total shareholders' funds</b>		<b>(1,276)</b>	<b>3,489</b>
		<hr/>	<hr/>

The notes on pages 11 to 24 are an integral part of these financial statements.

The financial statements on pages 8 to 24 were authorised for issue by the board of directors and were signed on its behalf by:



**M Kalinowski**  
Director

17 June 2019

Registered number: 00688790

## Statement of changes in equity

(for the year ended 30 September 2018)

	<b>Called up share capital £'000</b>	<b>Other reserves £'000</b>	<b>Accumulated losses £'000</b>	<b>Total £'000</b>
<b>Balance as at 1 October 2016</b>	<b>2,300</b>	<b>42,500</b>	<b>(42,164)</b>	<b>2,636</b>
Profit for the financial year	-	-	853	853
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	853	853
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 September 2017</b>	<b>2,300</b>	<b>42,500</b>	<b>(41,311)</b>	<b>3,489</b>
Loss for the financial year	-	-	(4,765)	(4,765)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	-	(4,765)	(4,765)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 September 2018</b>	<b>2,300</b>	<b>42,500</b>	<b>(46,076)</b>	<b>(1,276)</b>
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## Notes to the financial statements

### 1 General information

thyssenkrupp Elevator UK Limited installs, modernises & maintains elevators & escalators for a customer base spread primarily throughout the UK.

The company is a private company limited by shares and is wholly owned by thyssenkrupp Aufzüge Limited, and is incorporated and domiciled in England, within the UK. The address of the registered office is Bull Close Road, Lenton, Nottingham.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of thyssenkrupp Elevator UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1
  - paragraph 73(e) of IAS 16 Property, plant and equipment
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements'
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)

## Notes to the financial statements *(continued)*

### 2.1 Basis of preparation (continued)

- IAS 7, 'Statement of cash flows';
  - Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

### 2.2 Going concern

The company is dependent on support from fellow group subsidiaries. The directors have obtained confirmation that this support will continue for the foreseeable future and as such have prepared the financial statements on the going concern basis.

### 2.3 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### 2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	-	6 years or the life of the lease
Plant and machinery	-	4-12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

## Notes to the financial statements *(continued)*

### 2.5 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

### 2.6 Financial assets

#### 2.6.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

##### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

#### 2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expense in the period in which they arise.

### 2.7 Impairment of financial assets

#### (a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## Notes to the financial statements (*continued*)

### 2.8 Derivative financial instruments and hedging activities

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.10 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.12 Share capital

Ordinary shares are classified as equity.

### 2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



## Notes to the financial statements (*continued*)

### 2.15 Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Turnover for new installation and modernisation projects exceeding £850,000 is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Turnover for projects less than £850,000 are recognised upon completion of the project. Turnover generated from servicing and maintenance contracts is recognised on a straight line basis over the life of the contract.

### 2.17 Interest income

Interest income is recognised when the right to receive payment is established.

### 2.19 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in Creditors – amounts falling due after more than one year. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

### 2.20 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 2.21 Other reserves

Other reserves arise when capital contributions are made to the company.

## Notes to the financial statements *(continued)*

### 3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (a) Revenue recognition

The company assesses the most likely outcome of each contract based on a number of factors including technical and contractual requirements, progress to date, and previous experience of similar projects, form of contract, any changes in the scope of work and of working with that particular client and/or supply chain. The outcome, and therefore appropriate level of revenue to be recognised, particularly on installation and modernisation projects exceeding £850,000 that are in progress at the year-end, is therefore subject to a significant number of inter-related factors.

##### (b) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 13 for the net carrying amount of the receivables and associated impairment provision.

##### (c) Inventory provisioning

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision.

##### (d) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

### 4 Financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 30 September 2018 the outstanding contracts maturity range from within 1 month to up to 6 months of the year end. The company is committed to purchasing €1,766,879 (2017: €2,351,226) for a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumption used in valuing the derivatives is the exchange rate 1 GBP: 1.127 EUR.

## Notes to the financial statements *(continued)*

### 5 Revenue

Analysis of revenue by geography	2018 £000	2017 £000
United Kingdom	45,725	56,061
Other countries	2,875	3,004
	<u>48,600</u>	<u>59,065</u>

Analysis of revenue by category	2018 £000	2017 £000
Installation and Modernisation	13,910	22,132
Maintenance, Callouts & Repairs	34,690	36,933
	<u>48,600</u>	<u>59,065</u>

### 6 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2018 £000	2017 £000
Wages and salaries	19,385	20,325
Social security costs	2,097	2,191
Other pension costs	574	543
	<u>22,056</u>	<u>23,059</u>
Staff costs	22,056	23,059
Loss on disposal of property, plant and equipment	-	2
Operating lease charges	1,729	2,093
Foreign exchange (gains)	(10)	(83)
Auditors' remuneration – statutory audit	30	25
Impairment of trade receivables	446	152
Inventory recognised as an expense	39,825	43,966
	<u>39,825</u>	<u>43,966</u>

## Notes to the financial statements *(continued)*

### 7 Employees and directors

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	Number of employees	
	2018	2017
Production, Installation & Service Operatives	310	326
Selling , Support, Managerial & Administrative	117	130
	<u>427</u>	<u>456</u>

### Directors

The directors' emoluments were as follows:

	2018 £000	2017 £000
Aggregate emoluments	872	946
	<u>872</u>	<u>946</u>

The above emoluments of the directors include pension contribution into the company's defined contribution pension schemes of £10,013 (2017: £4,631).

The highest paid director's emoluments were as follows: £395,321 (2017: £502,939).

### 8 Finance Income and Costs

#### 8a. Finance income

	2018 £000	2017 £000
Interest receivable from group undertakings – cash pooling account	1	13
<b>Total finance income</b>	<u>1</u>	<u>13</u>

#### 8b. Finance costs

	2018 £000	2017 £000
Interest payable to group undertakings – cash pooling account	60	15
<b>Total finance costs</b>	<u>60</u>	<u>15</u>

## Notes to the financial statements *(continued)*

### 9 Income tax credit

#### Tax credit included in profit or loss

	2018 £000	2017 £000
<b>Current tax:</b>		
UK Corporation tax on (loss)/profits for the year	-	-
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(84)	(69)
Adjustment in respect of prior periods	6	(153)
	<hr/>	<hr/>
Total deferred tax credit	(78)	(222)
	<hr/>	<hr/>
<b>Tax credit on (loss)/profit on ordinary activities</b>	<b>(78)</b>	<b>(222)</b>
	<hr/>	<hr/>

The tax credit for the year is lower (2017: higher) than the standard rate of corporation tax in the UK for the year ended 30 September 2018 of 19% (2017: 19.5%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(4,843)	631
(Loss)/profit multiplied by standard rate of tax in the UK of 19% (2017: 19.5%)	(920)	123
Effects of:		
- Expenses not deductible for tax purposes	3	3
- Adjustments to tax charge in respect of prior periods – deferred tax	6	(153)
- Difference between corporation and deferred tax rates	10	11
- Deferred tax not recognised	823	(206)
	<hr/>	<hr/>
<b>Tax Credit</b>	<b>(78)</b>	<b>(222)</b>
	<hr/>	<hr/>

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 2 July 2017. These reduce the main rate to 18% from 1 April 2020 and 17% from 1 April 2021. The deferred tax assets and liabilities have been updated to reflect the reduction in the rates.

## Notes to the financial statements (*continued*)

### 10 Intangible assets

	<b>Goodwill</b>
	<b>£'000</b>
<i>Cost:</i>	
At 1 October 2017 and 30 September 2018	<u>972</u>
<i>Accumulated amortisation:</i>	
At 1 October 2017 and 30 September 2018	<u>972</u>
<i>Net book value:</i>	
At 30 September 2017 and 30 September 2018	<u>-</u>

### 11 Property, plant and equipment

	<b>Leasehold Improvements</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>			
At 1 October 2017	<b>650</b>	<b>4,877</b>	<b>5,527</b>
Additions	32	351	383
Disposals	(5)	(3)	(8)
<b>At 30 September 2018</b>	<u><b>677</b></u>	<u><b>5,225</b></u>	<u><b>5,902</b></u>
<i>Accumulated Depreciation</i>			
At 1 October 2017	<b>596</b>	<b>3,389</b>	<b>3,985</b>
Charge for the year	16	462	478
Disposals	(5)	(3)	(8)
<b>At 30 September 2018</b>	<u><b>607</b></u>	<u><b>3,848</b></u>	<u><b>4,455</b></u>
<i>Net book value</i>			
<b>At 30 September 2018</b>	<u><b>70</b></u>	<u><b>1,377</b></u>	<u><b>1,447</b></u>
<b>At 30 September 2017</b>	<u><b>54</b></u>	<u><b>1,488</b></u>	<u><b>1,542</b></u>

## Notes to the financial statements *(continued)*

### 12 Inventories

	2018	2017
	£000	£000
Raw materials	1,094	1,110
Work in progress	6,608	5,777
	<u>7,702</u>	<u>6,887</u>

The replacement cost of stock does not materially differ from the total amount shown.

Inventories are stated after provision for impairment of £487,000 (2017: £437,000).

### 13 Trade and other receivables

	2018	2017
	£000	£000
Due within one year:		
Trade receivables	11,188	11,463
Amounts owed by group undertakings	469	664
Deferred tax (note 15)	805	727
Other debtors	108	90
Fair value of forward contract assets	-	22
Prepayments and accrued income	977	431
	<u>13,547</u>	<u>13,397</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within trade receivables above is a provision against the recovery of these receivables of £967,000 (2017: £761,000).

## Notes to the financial statements *(continued)*

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

	2018 £'000	2017 £'000
Accounts payable	4,685	4,422
Payments on account on long term contracts	7,829	7,534
Amounts owed to group undertakings	5,145	852
Taxation and social security	1,687	1,847
Other creditors and service income in advance	949	847
Fair value of forward contract liabilities	7	-
Accruals and deferred income	3,850	3,001
	<u>24,152</u>	<u>18,503</u>

Amounts owed to group undertakings are unsecured and are repayable on demand. The group cash facility bears interest at a rate of 1.5% (2017: 1.75%) per annum for both positive and negative balances.

### 15 Deferred tax

The deferred tax asset / (provision) is presented within trade and other receivables and consists of the following:

	2018 £000	2017 £000
Deferred tax assets due within 12 months	806	729
Deferred tax liabilities due within 12 months	(1)	(2)
<b>Total deferred tax asset</b>	<u>805</u>	<u>727</u>



## Notes to the financial statements *(continued)*

### 15 Deferred tax (continued)

	Relating to pension and post – retirement benefits	Relating to recognition of derivative financial liabilities	Relating to PPE & Intangible assets	Relating to other provisions	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 1 October 2016</b>	-	(1)	496	10	505
Credited to the income statement	-	(1)	221	2	222
<b>At 30 September 2017</b>	-	(2)	717	12	727
Credited to the income statement	-	1	75	2	78
<b>At 30 September 2018</b>	-	(1)	792	14	805

### 16 Called up share capital

Allotted and fully paid	<b>2018</b>	2017
	<b>£000</b>	£000
2,300,000 ordinary shares of £1 each (2017: 2,300,000 ordinary shares of £1 each)	<u><b>2,300</b></u>	<u>2,300</u>

### 17 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 Property	2018 Motor vehicles	2017 Property	2017 Motor vehicles
	£000	£000	£000	£000
Not later than one year:	440	900	604	576
Later than one year and not later than five years	759	1,619	940	723
Later than five years	72	-	139	-
	<u>1,271</u>	<u>2,519</u>	<u>1,683</u>	<u>1,299</u>

## Notes to the financial statements *(continued)*

### 18 Pensions

The Company operates two defined contribution pension schemes. The pensions cost charge for the year in relation to defined contribution schemes represents contributions payable by the Company to the scheme and amounted to £574,000 (2017: £543,000). At 30 September 2018, overall contributions amounting to £81,000 (2017: £70,000) were payable to the scheme and included in creditors.

### 19 Related party transactions

As the company is a wholly owned subsidiary of thyssenkrupp AG, the company has taken advantage of the exemption contained within FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of thyssenkrupp AG, within which this company is included, can be obtained from the address stated in Note 20.

### 20 Controlling parties

The immediate parent undertaking is thyssenkrupp Aufzüge Ltd

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is thyssenKrupp AG. Copies of the thyssenKrupp AG consolidated financial statements can be obtained from thyssenKrupp, Allee 1, Postfach 45063, 45143 Essen, Germany

The ultimate controlling party is thyssenkrupp AG.