Axis Elevators Limited

Annual Report
for the year ended 31 December 2016

Registered number: 02340843

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Axis Elevators Limited

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Axis Elevators Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2016.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review and principal activities

Axis Elevators Limited's ("the company"), registered number 02340843, principal activities are the installation of lifts, and the associated maintenance and repair of lift equipment, throughout the United Kingdom.

The results of the year's trading and the financial position of the company are shown in the annexed financial statements.

Key performance indicators

The company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to three KPI's.

Performance for the year, together with comparative data, is set out in the table below:

	2016	2015	Definition, method of calculation and analysis
(Reduction)/ increase in sales (%)	-9.0%	17%	Year on year sales decrease expressed as a percentage. The year over year movement reflects an decrease in new equipment, repair and modernisation sales.
Return on sales (%)	1.4%	-1.0%	Return on sales is the ratio of profit before taxation to sales expressed as a percentage. Return on sales has increased.
Working capital turns	6.3	9.0	Working capital turns is the ratio of sales to stocks plus trade debtors less trade creditors and payments on account. The number of working capital turns has decreased due to the substantial decrease in the stock balance.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks driven by the market, changes in regulations and risks associated with the financial strength of both suppliers and customers. The directors continually monitor and consider these risks and have strong policies and procedures that reduce their impact.

Axis Elevators Limited

Strategic Report

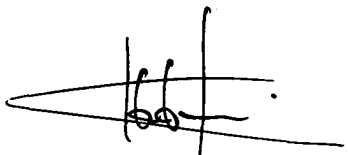
Future developments

2016 has been a year of greater stability following a number of challenging years since the deterioration in the commercial environment in 2009, with the return on sales improving.

The directors are confident that the company will continue to maintain a satisfactory level of performance in these difficult trading conditions.

Approval

Approved by the Board and signed on its behalf by:



A Hernandez
Director
18 July 2017

Registered office
Unit G1
65 Glasshill Street
London
SE1 0QR

Directors' Report

The directors present their Report and audited financial statements of the company for the year ended 31 December 2016.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Accounting policies in the financial statements.

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of credit risk. The directors actively manage these risks by monitoring levels of risk and the related costs.

Credit risk

The company has implemented policies to carry out appropriate credit checks on potential customers before orders are taken.

Dividends

No dividends were paid on the ordinary shares (2015: £Nil).

Directors

The directors, who served throughout the year except as noted, were as follows:

R Sadler
A Hernandez
H Jolly

Axis Elevators Limited

Directors' Report

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Statement of disclosure of information to auditors

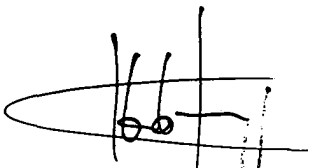
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 been appointed as the new auditors, and a resolution concerning their re-appointment will be proposed at the annual general meeting.

Approved by the Board and signed on its behalf by:



A Hernandez
Director
18 July 2017

Registered office
Unit G1
65 Glasshill Street
London
SE1 0QR

Axis Elevators Limited

Statement of directors' responsibilities in respect of the financial statements

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 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.

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.

Axis Elevators Limited

Independent auditors' report to the members of Axis Elevators Limited

Report on the financial statements

Our opinion

In our opinion, Axis Elevators Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 December 2016;
- the Income Statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Axis Elevators Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
14 July 2017

Axis Elevators Limited

Income statement
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	*3*	**14,913**	16,381
Cost of sales		**(11,791)**	(12,278)
Gross profit		**3,122**	4,103
Administrative expenses		**(2,892)**	(3,291)
Exceptional expenses		**-**	(956)
Operating Profit/(Loss)		**230**	(144)
Finance income	*4*	**4**	2
Finance costs	*5*	**(26)**	(24)
Profit/(Loss) on ordinary activities before taxation	*6*	**208**	(166)
Income tax expense on profit/(loss) on ordinary activities	*10*	**29**	(141)
Profit/(Loss) for the financial year		**237**	(307)

All results are derived from continuing operations.

There are no other items of comprehensive income other than the profit/ (loss) for the year (2015: £nil).

Axis Elevators Limited
Registered number: 02340843
Balance sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	11	77	717
Deferred tax asset	16	5	-
		82	717
Current assets			
Inventories	12	376	789
Trade and other receivables:			
- due within one year	13	3,188	3,442
- due after one year		-	-
Cash and cash equivalents		1,860	1,833
		5,424	6,064
Creditors: Amounts falling due within one year	14	(2,624)	(3,777)
Net current assets		2,800	2,287
Total assets less current liabilities		2,882	3,004
Creditors: Amounts falling due after more than one year	15	-	(323)
Deferred tax liability	16	-	(36)
Net assets		2,882	2,645
Equity			
Called up share capital	17	-	-
Retained earnings		2,882	2,645
Total shareholders' funds		2,882	2,645

The notes on pages 11 to 27 form part of these financial statements

The financial statements on pages 8 to 27 were approved by the board of directors on 18 July 2017 and were signed on its behalf by:

A Hernandez
Director

Axis Elevators Limited

Statement of changes in equity
For the year ended 31 December 2016

	Called up share capital (Note 17) £'000	Retained Earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2015	-	**2,952**	**2,952**
Loss for the financial year	-	**(307)**	**(307)**
Total comprehensive expense for the year	-	**(307)**	**(307)**
Balance at 31 December 2015 and at 1 January 2016	-	**2,645**	**2,645**
Profit for the financial year	-	**237**	**237**
Total comprehensive income for the year	-	**237**	**237**
Balance at 31 December 2016	-	**2,882**	**2,882**

Axis Elevators Limited

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies

Axis Elevators Limited ('the company') principal activities are the installation of lifts, and the associated maintenance and repair of lift equipment, throughout the United Kingdom.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Unit G1, 65 Glasshill Street, London, SE1 0QR.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

As permitted by FRS 101, the company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IFRS 3 – not to restate business combinations before the date of transition
IFRS 7 – financial instrument disclosures
IFRS 13 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
IAS 1 – Information on management of capital
IAS 7 – statement of cash flows
IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective
IAS 24 - disclosure of key management compensation and for related party disclosures entered into between two or more wholly owned members of a group;
IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and
IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

Where required, equivalent disclosures are given in the group financial statements of United Technologies Corporation. The group financial statements of United Technologies Corporation are available to the public.

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the Company; its liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through treasury arrangements which are provided by the ultimate parent undertaking. The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Plant and machinery	10 years
Motor vehicles	4 years
Fixtures & fittings	Between 5 and 10 years
Computers & software	Between 3 and 10 years

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

Impairment of tangible

At each balance sheet date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1. Accounting policies (continued)

Impairment of tangible (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1. Accounting policies (continued)

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, trade discounts and rebates and estimated customer returns. Revenue is only discounted where the impact of discounting is material.

The business derives revenue from a number of streams and therefore uses a variety of methods for revenue recognition.

Sale of goods

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is considered probable. For product sales with no installation requirements, revenue is recognized when the product is delivered to the customer in accordance with the agreed delivery terms. Where installation is also required, revenue on both the product and installation is recognized once the customer has confirmed its acceptance procedures.

On-going service contracts

Revenue is recognized in equal installments over the period that services are provided to the customer. Where amounts are received in advance of services being provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

1. Accounting policies (continued)

Revenue (continued)

Specific activity service contracts

Where service contracts require the performance of a specific activity, revenue is recognised once this specific activity has been completed to the performance required by the customer.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date. This is determined by measuring the costs incurred to date as a proportion of the expected cost of completing the contract. Variations in contract work, claims and incentive payments are included as revenue, to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

Multiple element contracts

Some contracts contain multiple elements, such as the delivery and installation of a lift system and the provision of a maintenance contract. In these contracts these activities are treated separately where appropriate, with the relevant account policy for revenue recognition, as noted previously, being applied to each individual component. Revenue is allocated between the elements on the basis of fair value of each of the elements.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

1. Accounting policies (continued)

Leases

The company as lessee

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the income statement within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

1. Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions are discounted where the impact of discounting is material.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors do not believe there are any critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition – long term contracts

Revenue is recognised on long term contracts where the outcome of the contract can reliability be estimated. Revenue and costs are recognised based on the work performed at the date of the balance sheet. This is measured looking at the actual costs incurred to date as a percentage of the total estimated costs of the project. The estimated costs of a contract are based on detailed models of expected costs, which are regularly reviewed as the project progresses.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue recognition – long term contracts (continued)

Adjustments to total expected costs are updated as required. Revenue is based on contracted amounts, and variations to the extent that they are considered reliably and receipt can be considered probable. Management assess the likelihood that variations will be recovered considering: the contractual position, success rate of similar claims and the ability of the customer to accept the variation.

Useful economic lives of properties, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are assessed on an annual basis and are amended when necessary to reflect current estimates. See note 11 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

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 age profile of the receivable and historic experience. See note 13 for the net carrying amount of the receivables and the associated impairment provision.

3. Revenue

An analysis of the Company's revenue is as follows:

	2016	2015
	£'000	£'000
Continuing operations all in the UK		
Rendering of services	**6,114**	6,576
Revenue from construction contracts	**8,799**	9,805
	14,913	16,381

4. Finance income

	2016	2015
	£'000	£'000
Interest receivable:		
Bank deposits	**4**	2
Other loans and receivables	**-**	-
Net finance income on post retirement benefits	**4**	2

Notes to the financial statements
For the year ended 31 December 2016

5. Finance costs

	2016 £'000	2015 £'000
Finance leases and hire purchase contracts	**25**	24
Other interest	**1**	-
	26	24

6. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after (crediting)/charging:

	2016 £'000	2015 £'000
Depreciation of tangible fixed assets	**287**	195
(Profit)/Loss on disposal of tangible assets	**(48)**	20
Operating lease rentals	**143**	141
Auditors' remuneration	**29**	36
Staff costs	**4,587**	4,534

7. Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £28,500 (2015: £36,000 – PricewaterhouseCoopers LLP).

There were no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services.

Notes to the financial statements
For the year ended 31 December 2016

8. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Direct employees	**69**	71
Sales & administration	**27**	36
	96	107

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	**4033**	3,994
Social security costs	**448**	419
Other pension costs	**106**	121
	4,587	4,534

9. Directors' remuneration and transactions

	2016 £'000	2015 £'000
Directors' remuneration		
Emoluments	**-**	492

	2016 Number	2015 Number
The number of directors who:		
Are members of a defined benefit pension scheme	**-**	-
Are members of a defined contribution pension scheme	**-**	4

The directors' remuneration has been borne by the parent company, Otis Limited. It is not practical to apportion their remuneration for their services as director between the different group companies. Details of their remuneration can be found in the financial statements of Otis Limited.

Notes to the financial statements
For the year ended 31 December 2016

10. Income tax expense

Tax expense included in the income statement:

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profit/(loss) for the year	-	163
Adjustments in respect of prior years		
UK corporation tax	12	-
Total current tax	12	163
Deferred tax		
Origination and reversal of timing differences	(43)	(22)
Adjustment in respect of previous periods	(3)	-
Impact of rate change	5	-
Total deferred tax	(41)	(22)
Total tax on profit/(loss)	(29)	141

10. Income tax expense (continued)

The charge for the year can be reconciled to the profit/ (loss) in the income statement as follows:

	2016 £'000	2015 £'000
Profit/ (loss) before taxation	**208**	(166)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 20.00% (2015: 20.25%)	**42**	(34)
Effects of:		
Adjustment in respect of prior years	**9**	-
Expenses not deductible	**3**	203
Transfer pricing adjustments	**-**	2
Tax rate changes	**5**	-
Effects of group relief/ other reliefs surrendered for nil consideration	**(88)**	(30)
Total tax charge for the year	**(29)**	141

The reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and a further reduction to 17% was substantively enacted on 6 September 2016. The current tax rate used in the year ended 31 December 2016 is therefore 20.0% and the rate used for closing deferred tax balances is 17.00%.

Notes to the financial statements
For the year ended 31 December 2016

11. Tangible assets

	Plant and machinery	Fixtures, fitting & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2015	29	225	1,042	**1,296**
Additions	-	19	316	**335**
Disposals	-	-	(149)	**(149)**
At 31 December 2015 and at 1 January 2016	29	244	1,209	**1,482**
Additions	-	-	-	**-**
Disposals	-	-	(899)	**(899)**
At 31 December 2016	29	244	310	**583**
Accumulated depreciation				
At 1 January 2015	23	177	482	**682**
Depreciation	2	17	176	**195**
Disposals	-	-	(112)	**(112)**
At 31 December 2015 and at 1 January 2016	25	194	546	**765**
Depreciation	3	18	266	**287**
Disposals	-	-	(546)	**(546)**
At 31 December 2016	28	212	266	**506**
Net book value				
At 31 December 2016	1	32	44	**77**
At 31 December 2015	4	50	663	**717**

12. Inventories

	2016 £'000	2015 £'000
Contracts in progress	**321**	732
Finished goods and goods for resale	**55**	57
	376	789

The difference between the carrying value and the replacement cost of inventory is not considered to be significant.

Inventories are stated after provisions for impairment of £nil (2015: £nil).

13. Trade and other receivables

Amounts falling due within one year:

	2016 £'000	2015 £'000
Trade receivables	**3,147**	3,185
Other receivables	**9**	11
Prepayments and accrued income	**32**	246
	3,188	3,442

Trade receivables are stated after a provision for impairment of £115,756 (2015: £25,000)

14. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Net obligations under hire purchase contracts	**-**	51
Trade creditors	**1,171**	2,151
Corporation tax	**67**	55
Other taxation and social security	**368**	358
Other creditors	**438**	39
Accruals and deferred income	**580**	1,123
	2,624	3,777

15. Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Finance leases	**-**	323
Net obligation under hire purchase contracts	**-**	323

16. Creditors: amounts falling due after more than one year (continued)

Obligations under finance leases are as follows:

	Minimum lease payments	
	2016	2015
	£'000	£'000
Amounts payable under finance leases:		
Repayable within one year	-	54
Repayable between one and five years	-	344
Total gross payments	-	398
Less: Finance charges and interest allocated to future accounting periods	-	(24)
Carrying value of liability	-	374
Analysed as:		
Amounts due for settlement within 12 months	-	51
Amounts due for settlement after 12 months	-	323
	-	374

16. Deferred tax

The company recognises deferred tax assets/ (liabilities) as follows:

	Non-Current Assets £'000	**Non-Current Liabilities £'000**
At 1 January 2015	-	(58)
Credited to profit and loss	-	22
Charged to other comprehensive income	-	-
At 31 December 2015 and at 1 January 2016	-	(36)
Credited to profit and loss	5	36
Charged to other comprehensive income	-	-
At 31 December 2016	**5**	**-**

16. Deferred tax (continued)

The provision for deferred tax consists of the following deferred tax assets/ (liabilities)

	2016 £'000	2015 £'000
Deferred tax assets due after 12 months	5	-
Deferred tax liabilities due after 12 months	-	(36)
Total asset/ (provision) due after 12 months	5	(36)
Total deferred tax provision	5	(36)

17. Called up share capital

Ordinary shares

	2016 £	2015 £
Allotted and fully-paid		
21 (2015: 21) Ordinary shares of £1 each	21	21
	21	21

18. Financial commitments

Operating leases which expire:

	2016 £'000	2015 £'000
Within one year	50	50
Between two and five years	4	54
After five years	-	-
	54	104

Notes to the financial statements
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19. Retirement benefit schemes

Defined contribution schemes

The total cost charged to income of £106,485 (2015: £121,217) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. Contributions to this scheme are expensed as incurred and there are no amounts outstanding at the balance sheet date.

20. Related party transactions

Directors' transactions

During 2016 the company was charged consultancy fees of £nil (2015: £30,912) by I Simpson a former director of the company.

During 2016 the company was charged consultancy fees of £nil (2015: £20,592), from Ashton Finance Limited, a company in which M Ashton is a former director of the holding company and has a controlling interest. The amount was settled at the 2015 year-end.

Other related party transactions

The company has no disclosure to make on other related party transactions as all transactions with other group companies are with wholly owned companies within the United Technologies Corporation group.

21. Controlling party

The company's immediate parent undertaking is Axis Holdco Limited.

The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America.

United Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the United Technologies group financial statements are publicly available and can be obtained from www.utc.com