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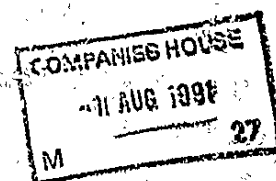
SULZER INERA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

ANNUAL REPORT AND ACCOUNTS

31 December 1990

2070305

Touche Ross & Co.  
Hill House  
1 Little New Street  
London  
EC4A 3TR



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SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

NOTICE OF MEETING

Notice is hereby given that the fourth Annual General Meeting of Sulzer Infra (UK) Ltd (formerly Sulzer (UK) Building Services Ltd) will be held at Westmead, Farnborough, Hampshire, on Thursday 20 June 1991 at 9.30am for the following purposes:

1. To receive the directors' report and accounts.
2. To declare a dividend.
3. To reappoint the auditors and fix their remuneration.
4. To transact such other business as may properly be transacted at an annual general meeting of the company.

Westmead  
Farnborough  
Hampshire

By order of the Board  
J Y McLaughlan  
Secretary  
28 May 1991

Note:

Any member of the company entitled to attend and vote at the meeting may appoint any person (whether a member or not) as his proxy to attend and vote instead of him. Forms of proxy should be deposited at the registered office of the company not later than 48 hours before the time of the meeting.

Touch  
Rays



SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

ANNUAL REPORT AND ACCOUNTS 1990

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SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

V Beglinger  
D R Clark  
J E Fretwell  
J Hunt  
K Matt  
T M Scott (Managing Director)  
P J Strangeway

SECRETARY AND  
REGISTERED OFFICE

J Y McLaughlan  
Westmead  
Farnborough  
Hampshire GU14 7LP

AUDITORS

Touche Ross & Co.

BANKERS

Barclays Bank PLC  
Midland Bank plc  
National Westminster Bank PLC

SOLICITORS

Bird & Bird

**SULZER INFRA (UK) LIMITED**  
**(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)**

**DIRECTORS' REPORT**

The directors submit their annual report and audited accounts of the company for the year ended 31 December 1990.

The company changed its name to Sulzer Infra (UK) Limited on 8 April 1991. The change was effected in order that the company would benefit from the universal profile adopted by the Sulzer Building Services Group throughout Europe.

**ACTIVITIES**

The activities of the company during the year continued to be:

The design, installation and maintenance of heating and air conditioning systems in all types of buildings.

The project management of complete building services installations including all sub-contractors in new and refurbished buildings, to conventional and 'fast track' programmes.

Work was carried out throughout the United Kingdom.

**BUSINESS REVIEW AND FUTURE PROSPECTS**

1990 was a disappointing year for the company with pre-tax profits falling to £647,000 from the £1,836,000 achieved in 1989. The company was badly hit by the deepening recession in the construction industry and, more particularly, as a result of a main contractor going into receivership. At the same time provisions were required to be created on a number of contracts, undertaken mainly in the south of the country.

Contract completions in the year included the Financial Times building, where a £2.2m fit-out contract was undertaken, in only 30 weeks rather than 43 weeks originally programmed, over and above the original £2.3m base contract; a £3m shell-and-core contract on an eight-storey office building for Regalian Homes and also a £3.8m contract to fit-out the building for its occupiers, Lloyds Bank.

In tune with the depressed state of the market, order intake during the year fell by 8% from the 1989 figure to £58m. Although conditions in the south have been extremely tight, the market in the north remains more resilient.

Orders taken in the year included a £5m contract for installation at British Airways shorthaul flight catering facility at Heathrow; a £2.7m contract to design and construct mechanical services at Guildford Leisure complex in Surrey; a £4.2m contract for the provision of mechanical services at Badfont Lakes, Middlesex; and a £2.6m contract to install mechanical services at the Skipton Building Society computer centre.



**SULZER INFRA (UK) LIMITED**  
**(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)**

The results for 1991 will be affected by the comparatively low level of activity and the tightening of margins. Cost saving measures have already been implemented which, allied to the fact that the company is using the downturn to broaden its activity base, will ensure that it is ready to take advantage of the market upturn once lower interest and inflation rates feed their way into the investment cycle. However, the directors do not anticipate that the recovery will be effective until the second to third quarter of 1992.

The Service and Maintenance Division continues to operate in an expanding market and it is felt that this is a key area of opportunity for the company.

The introduction of QA procedures has continued throughout the company with Manchester branch joining Fleet branch in achieving the certification to BS 5750 Part 1 (ISO 9001) standard. Glasgow branch has obtained certification to BS 5750 Part 2 and other branch offices are planned to follow in the current year.

The company has continued with its progressive programme of staff training including the recruitment and support of apprentice training and has introduced an apprenticeship scholarship scheme and 2 awards (North and South) for the 'apprentice of the year'.

In all of its activities including design, installation and maintenance, the company takes particular care in implementing policies and practices which encourage and promote the protection of the environment.

**RESULTS AND DIVIDENDS**

The company profit for the year after taxation was £396,000 (1989 - £1,066,000). A dividend of 5.54p per ordinary share is recommended by the directors.

The dividend proposed amounts to £198,000 (1989 - £533,000) which leaves a retained profit for the year of £198,000 (1989 - £533,000).

**DIRECTORS**

The present directors are shown on page 1. All directors have served throughout the year with the following exceptions:

Mr T M Scott was appointed managing director on 9 April 1990.

Mr J Hunt was appointed on 26 April 1991

None of the directors had an interest in the ordinary shares of the company. There were no contracts during the year in which any of the directors had an interest.

Dr V Beglinger discharged his duties mainly outside the United Kingdom during the year.

**FIXED ASSETS**

The movements in tangible fixed assets during the year are detailed in note 9 on page 12.



SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

EMPLOYEE INVOLVEMENT

The directors ensure that the employees are informed of any significant matters related to the well being of the company and employees are encouraged to discuss with management factors affecting the company and about which they are concerned.

Employee accounts are issued to all employees on an annual basis and the directors take account of employees' interests when making decisions.

Suggestions from employees aimed at improving the company's performance are welcomed.

EMPLOYMENT OF DISABLED PERSONS

The company recognises its social and statutory duty to employ disabled persons. It is the company's policy to give full and fair consideration to applications for employment from disabled persons.

The company's general policy on training and promotion is to fit the qualifications and potential of each member of its staff to the appropriate job and career in the business. This policy is applied to disabled persons in the same way as to other staff.

Where employees become disabled, the company endeavours to continue to employ such people, retraining them where appropriate, provided there are duties which they can perform considering their particular handicap or disability.

HEALTH AND SAFETY AT WORK

It is the policy of the company to provide a safe and healthy environment for all employees and to ensure that the same high standards towards Health and Safety are applied to the design and installation of plant and systems undertaken for clients.

Such policies will be achieved through a thorough understanding of, and compliance with, statutory and legal obligations, strong safety management and the provision of formal training and guidance.

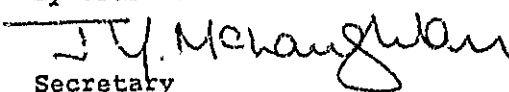
DONATIONS

Charitable donations in the year amounted to £862.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the Board

  
Secretary

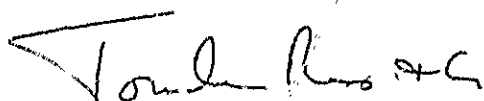
20 June 1991

SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

AUDITORS' REPORT TO THE MEMBERS

We have audited the accounts and notes on pages 6 to 14 in accordance with Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of the company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.  
Chartered Accountants  
Hill House  
1 Little New Street  
London  
EC4A 3TR

20 June 1991



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**SULZER INFRA (UK) LIMITED**  
**(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)**

**PROFIT AND LOSS ACCOUNT**  
**For the Year Ended 31 December 1990**

	Note	1990 £000	1989 £000
Turnover	2	65,298	58,559
Change in work in progress		(20)	177
Other operating income		<u>56</u>	<u>48</u>
		<u>65,334</u>	<u>58,784</u>
Raw materials and consumables		49,441	43,108
Other external charges		4,911	4,369
Staff costs	3	11,141	10,039
Depreciation		411	419
Other operating charges		<u>306</u>	<u>282</u>
		<u>66,210</u>	<u>58,217</u>
Operating (Loss)/Profit	4	(876)	567
Interest payable and similar charges	5	(1)	(4)
Interest receivable and similar income	6	<u>1,524</u>	<u>1,273</u>
Profit on Ordinary Activities before Taxation		647	1,836
Tax on Profit on Ordinary Activities	7	<u>(251)</u>	<u>(770)</u>
Profit for the Financial Year		396	1,066
Dividends	8	<u>(198)</u>	<u>(533)</u>
Retained Profit for the Financial Year		198	533
Retained Profit brought forward		<u>1,018</u>	<u>485</u>
Retained Profit carried forward		<u>1,216</u>	<u>1,018</u>

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**GULZER INFRA (UK) LIMITED**  
**(FORMERLY GULZER (UK) BUILDING SERVICES LIMITED)**

BALANCE SHEET 31 December 1990

	Note	1990 £000	1989 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	869	803
<b>CURRENT ASSETS</b>			
Stocks	10	715	742
Debtors	11	17,025	15,088
Cash at bank and in hand		<u>9,774</u>	<u>8,725</u>
		<u>27,514</u>	<u>24,555</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade creditors		19,781	16,934
Amounts owed to group companies	12	889	620
Other creditors including taxation and social security	13	923	1,542
Accruals and deferred income		1,780	1,115
Dividend payable		<u>73</u>	<u>408</u>
		<u>23,446</u>	<u>20,619</u>
<b>NET CURRENT ASSETS</b>		<u>4,068</u>	<u>3,936</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,937</u>	<u>4,739</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>151</u>	<u>151</u>
		<u>4,786</u>	<u>4,588</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,570	3,570
Profit and loss account		<u>1,216</u>	<u>1,018</u>
		<u>4,786</u>	<u>4,588</u>

The accounts were approved by the Board of Directors on 20 June 1991.

) Director

**SULZER INERA (UK) LIMITED**  
**(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)**

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**  
**For the year ended 31 December 1990**

	1990 £'000	1989 £'000
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	647	1,836
Adjustments for items not involving the movement of funds:		
Depreciation	411	419
Profit on sale of tangible fixed assets	<u>(56)</u>	<u>(48)</u>
Total generated from operations	1,002	2,207
Proceeds on sale of tangible fixed assets	<u>116</u>	<u>240</u>
	1,118	2,447
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	(537)	(643)
Taxation paid	(817)	(543)
Dividends paid	<u>(533)</u>	<u>(338)</u>
	<u>(769)</u>	<u>(923)</u>
<b>MOVEMENTS IN WORKING CAPITAL</b>		
(Decrease)/Increase in stocks	(27)	210
Increase in debtors	1,937	2,997
(Increase) in creditors	(3,459)	(3,466)
Decrease/(Increase) in amounts owed to group companies	<u>(269)</u>	<u>(39)</u>
	<u>(1,818)</u>	<u>(203)</u>
<b>INCREASE IN NET LIQUID FUNDS</b>	<u>1,049</u>	<u>1,221</u>
	<u>(769)</u>	<u>923</u>

(Net liquid funds comprise cash at bank and in hand)

**SUIZER INFRA (UK) LIMITED**  
**(FORMERLY SUIZER (UK) BUILDING SERVICES LIMITED)**

**NOTES TO THE ACCOUNTS**  
**For the Year Ended 31 December 1990**

**1. ACCOUNTING POLICIES**

The accounts and notes have been prepared in accordance with statements of standard accounting practice issued by UK accountancy bodies. The particular accounting policies adopted are described below.

a) **Accounting convention**

The accounts are prepared under the historical cost convention.

b) **Stocks and work in progress**

Raw materials, consumables and work in progress, are valued at the lower of cost and net realisable value. Cost represents materials, payments to sub-contractors, direct labour and, where appropriate, production overheads.

In accordance with Statement of Standard Accounting Practice No. 9 (revised), long term contract balances represents costs incurred on specific contracts net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Profit on long term contracts is only recognised when the total profit on the contract can be assessed with a high degree of certainty. Profit arising from settlement of contract claims is recorded when final negotiations have been completed and the amount of the settlement is considered to be collectable.

c) **Fixed assets**

Depreciation on assets is provided on a straight line basis related to the operating lives of the assets. The rates of depreciation are as follows:

Plant and machinery	10% per annum
Fixtures, fittings, and equipment	10%-25% per annum
Motor vehicles	25% per annum

d) **Turnover**

Turnover represents the value of goods and services performed for customers during the year. All turnover arises in the United Kingdom.

e) **Deferred taxation**

Deferred taxation is provided at the anticipated corporation tax rate on timing differences arising from the inclusion of income and expenditure in taxation computations in years different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will materialise in the future.

f) **Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

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**SULZER INERA (UK) LIMITED**  
**(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)**

**NOTES TO THE ACCOUNTS**  
**For the Year Ended 31 December 1990**

**1. ACCOUNTING POLICIES (Contd)**

**g) Leases**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

	1990 £000	1989 £000
<b>2. TURNOVER</b>		
With third parties	62,265	58,550
Within the group	<u>33</u>	<u>9</u>
	<b>65,298</b>	<b>58,559</b>

**3. DIRECTORS AND EMPLOYEES**

Remuneration of the highest paid director  
(1989 - including termination of service  
payment under note 4)

£	£
<u>51,800</u>	<u>93,475</u>

Other directors had remuneration  
within the indicated ranges:-

Range (Gross)	After Tax (See Note)	No.	No.
£ 0 - £ 5,000	£4,900	2	2
£35,001 - £40,000	-	-	1
£40,001 - £45,000	£32,000	1	2
£45,001 - £50,000	£35,000	1	-
£50,001 - £55,000	£38,000	<u>1</u>	<u>1</u>

Note: Based on rates of tax and allowances of a married person with no other source of income, with a gross salary at the top of the range shown.

	£000	£000
<b>Staff costs comprise:</b>		
Wages and salaries	10,007	9,020
Social security costs	812	734
Other pension costs	<u>322</u>	<u>285</u>
	<b>11,141</b>	<b>10,039</b>

The average number of employees each  
week during the year was:

	No.	No.
Technical and Production	579	560
Administration	<u>38</u>	<u>39</u>
	<b>617</b>	<b>599</b>

SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

NOTES TO THE ACCOUNTS

For the Year Ended 31 December 1990

	1990 £000	1989 £000
4. OPERATING (LOSS)/PROFIT		
Is after crediting:		
Profit on sale of tangible fixed assets	56	48
and after charging:		
Directors' emoluments	209	182
Director's termination of service payment	-	40
Auditors' remuneration	32	29
Operating lease rentals	<u>155</u>	<u>68</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES	£000	£000
Other interest	<u>1</u>	<u>4</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME	£000	£000
Income from bank deposits	<u>1,524</u>	<u>1,273</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES	£000	£000
The taxation charge for the year is as follows:		
United Kingdom corporation tax at 34.25% (1989 - 35%)	6	768
Group relief	271	-
Adjustment to prior year tax provision	<u>(26)</u>	<u>2</u>
	<u>251</u>	<u>770</u>
8. DIVIDENDS		
	1990	1989
	Per Share	Per Share
	£000	£000
Paid	3.50p	3.50p
Proposed final dividend	<u>2.04p</u>	<u>11.43p</u>
	<u>5.54p</u>	<u>14.93p</u>
	125	125
	<u>73</u>	<u>408</u>
	<u>198</u>	<u>533</u>

**SULZER INPRA (UK) LIMITED**  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

**NOTES TO THE ACCOUNTS**  
For the Year Ended 31 December 1990

**9. TANGIBLE FIXED ASSETS**

	Plant and machinery £000	Fixtures, fittings, and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 1990	99	734	1,100	1,933
Additions	9	111	417	537
Disposals	—	(1)	(326)	(327)
At 31 December 1990	<u>108</u>	<u>844</u>	<u>1,191</u>	<u>2,143</u>
<b>Depreciation</b>				
At 1 January 1990	80	464	586	1,130
Charge for the year	8	108	295	411
Disposals	—	(1)	(266)	(267)
At 31 December 1990	<u>88</u>	<u>571</u>	<u>615</u>	<u>1,274</u>
<b>Net book value</b>				
At 31 December 1990	<u>20</u>	<u>273</u>	<u>576</u>	<u>869</u>
<b>Net book value</b>				
At 31 December 1989	<u>19</u>	<u>270</u>	<u>514</u>	<u>803</u>

**10. STOCKS**

	1990 £000	1989 £000
Raw materials and consumables	87	94
Work in progress	<u>628</u>	<u>648</u>
	<u>715</u>	<u>742</u>

There were no significant differences between the replacement cost and the values shown for all stock categories.

**11. DEBTORS**

	£000	£000
Trade debtors	13,300	9,967
Amounts recoverable on contracts	3,103	4,487
Amounts owed by fellow subsidiaries	111	400
Other debtors	274	85
Prepayments and accrued income	<u>237</u>	<u>149</u>
	<u>17,025</u>	<u>15,088</u>

All debtors are due within one year

SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

NOTES TO THE ACCOUNTS  
For the Year Ended 31 December 1990

	1990	1989
	£000	£000
12. AMOUNTS OWED TO GROUP COMPANIES		
Owed to ultimate holding company (Gebrüder Sulzer AG)	413	486
Owed to fellow subsidiaries	<u>476</u>	<u>134</u>
	<u>889</u>	<u>620</u>
13. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY		
	£000	£000
This heading includes:		
Corporation tax	6	837
Other taxation and social security	<u>585</u>	<u>277</u>
14. PROVISIONS FOR LIABILITIES AND CHARGES		
	£000	£000
Deferred taxation		
Capital allowances in excess of depreciation	<u>151</u>	<u>151</u>
There are no unprovided amounts.		
15. CALLED UP SHARE CAPITAL		
	£	£
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	<u>3,570,000</u>	<u>3,570,000</u>
16. ULTIMATE HOLDING COMPANY		
The immediate parent company is Sulzer (UK) Holdings Limited, the ultimate holding company being Gebrüder Sulzer AG, which is incorporated in Switzerland.		
17. CAPITAL COMMITMENTS		
	£000	£000
Authorised but not yet contracted for	<u>56</u>	<u>37</u>



SULZER INFRA (UK) LIMITED  
(FORMERLY SULZER (UK) BUILDING SERVICES LIMITED)

NOTES TO THE ACCOUNTS  
For the Year Ended 31 December 1990

18. OPERATING LEASE COMMITMENTS

At 31 December 1990 the company was committed to making the following payments during the next year in respect of operating leases:

	Motor Vehicles £000
Leases which expire:	
Within one year	12
Within 2 to 5 years	250
	262

19. PENSION SCHEMES

Employees of the company participate in the Sulzer Group pension scheme, a prefunded defined benefit pension scheme. Pension cost is assessed in accordance with the advice of an independent qualified actuary and the pension cost for the year was £322,603 including administration fees (1989-£284,763). Details of the latest valuation of the scheme, which was at 31 December 1987, are shown in the group accounts of Sulzer (UK) Holdings Limited.