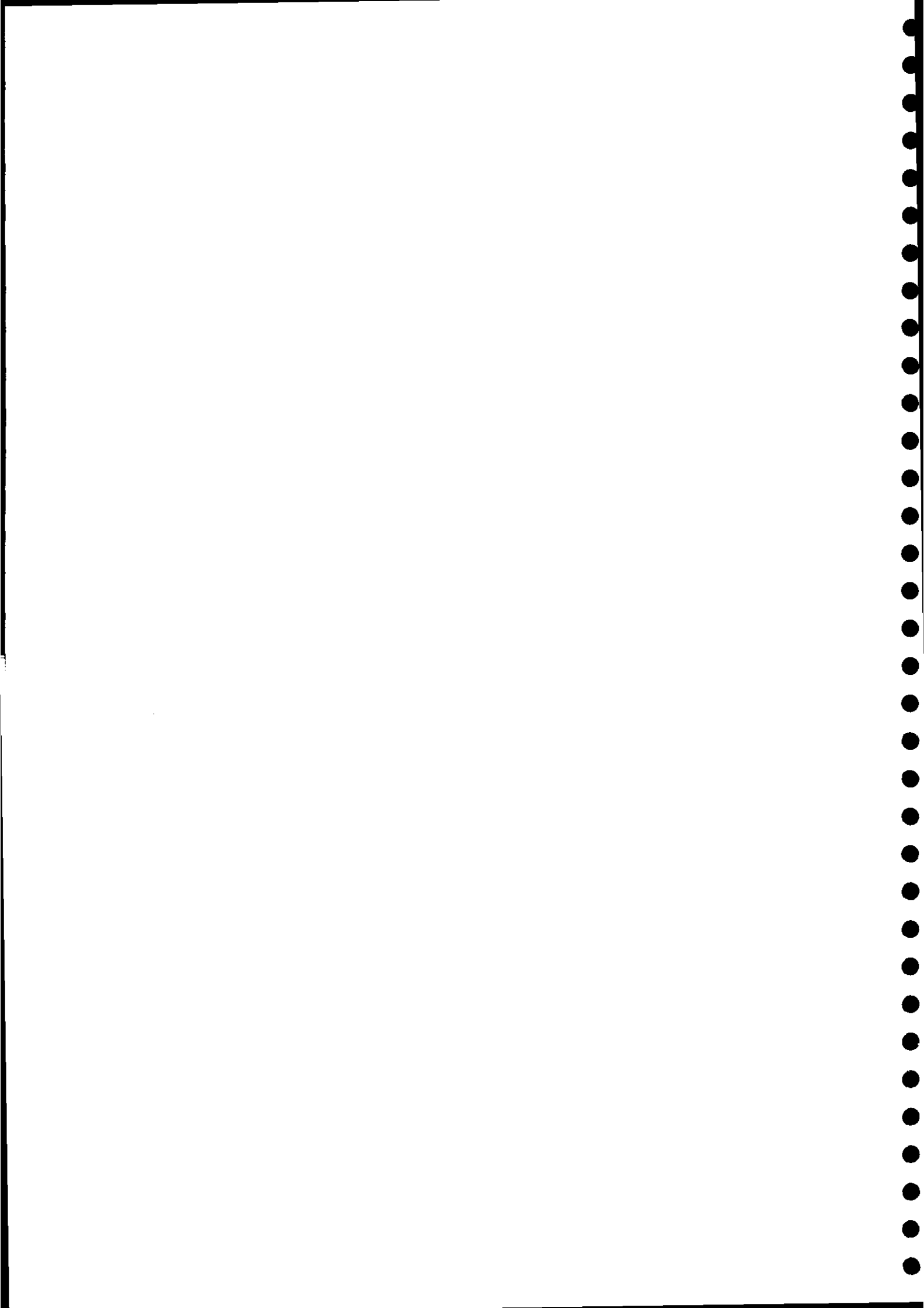


## Report and Financial Statements

LD4  
COMPANIES HOUSE



# **AXIMA BUILDING SERVICES LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2002**

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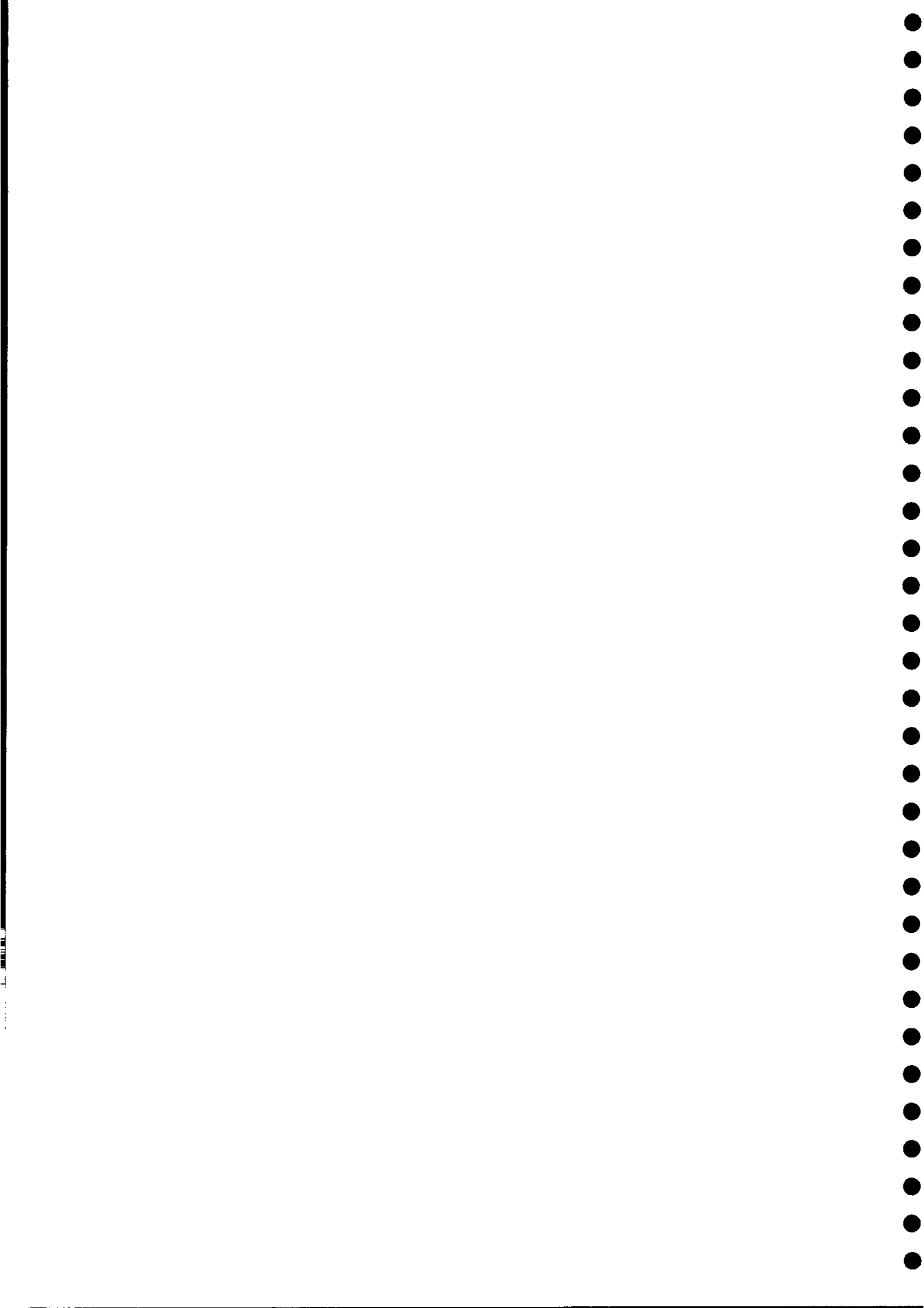
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# **AXIMA BUILDING SERVICES LIMITED**

## **NOTICE OF MEETING**

Notice is hereby given that the sixteenth Annual General Meeting of Axima Building Services Limited will be held at Westmead, Farnborough, Hampshire on Friday 17 October 2003 at 8.30am, for the following purposes:

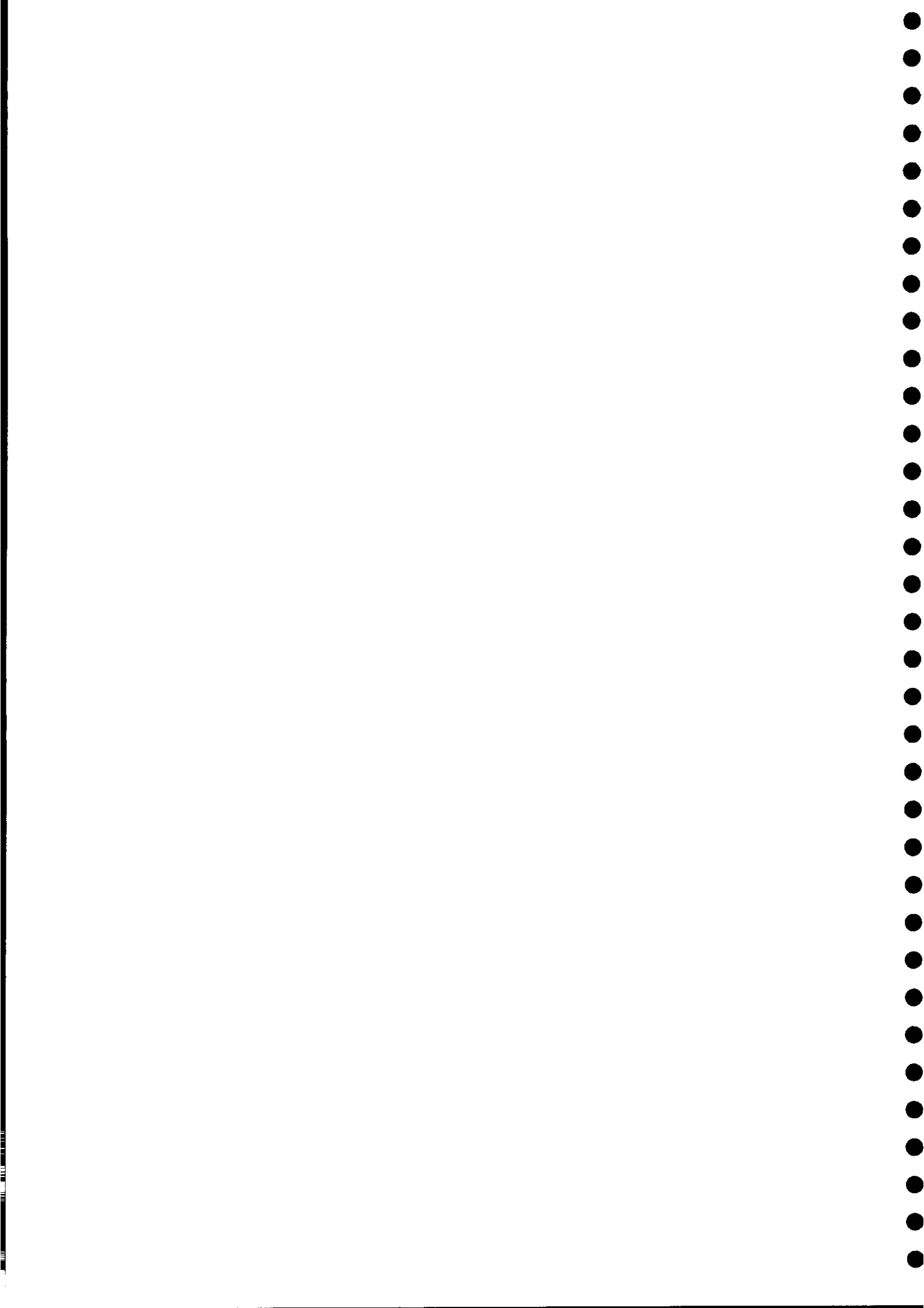
1. To receive the directors' report and accounts.
2. To declare a dividend.
3. To reappoint the auditors and fix their remuneration.
4. To transact such other business as may properly be transacted at an annual general meeting of the company.

By order of the Board

J Y McLaughlan

Westmead  
Farnborough  
Hampshire  
GU14 7LP

3 October 2003



# **AXIMA BUILDING SERVICES LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2002**

### **DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

WA Webb (Managing Director)

J S Hunt

D P Taylor

J Y McLaughlan

H M Thomas (appointed 20 September 2002)

E E Oleffe (appointed 20 September 2002)

#### **SECRETARY**

J Y McLaughlan

#### **REGISTERED OFFICE**

Westmead

Farnborough

Hampshire

GU14 7LP

#### **BANKERS**

Barclays Bank plc

HSBC plc

#### **SOLICITORS**

Mayer, Brown, Rowe & Maw LLP

Clifton Ingram

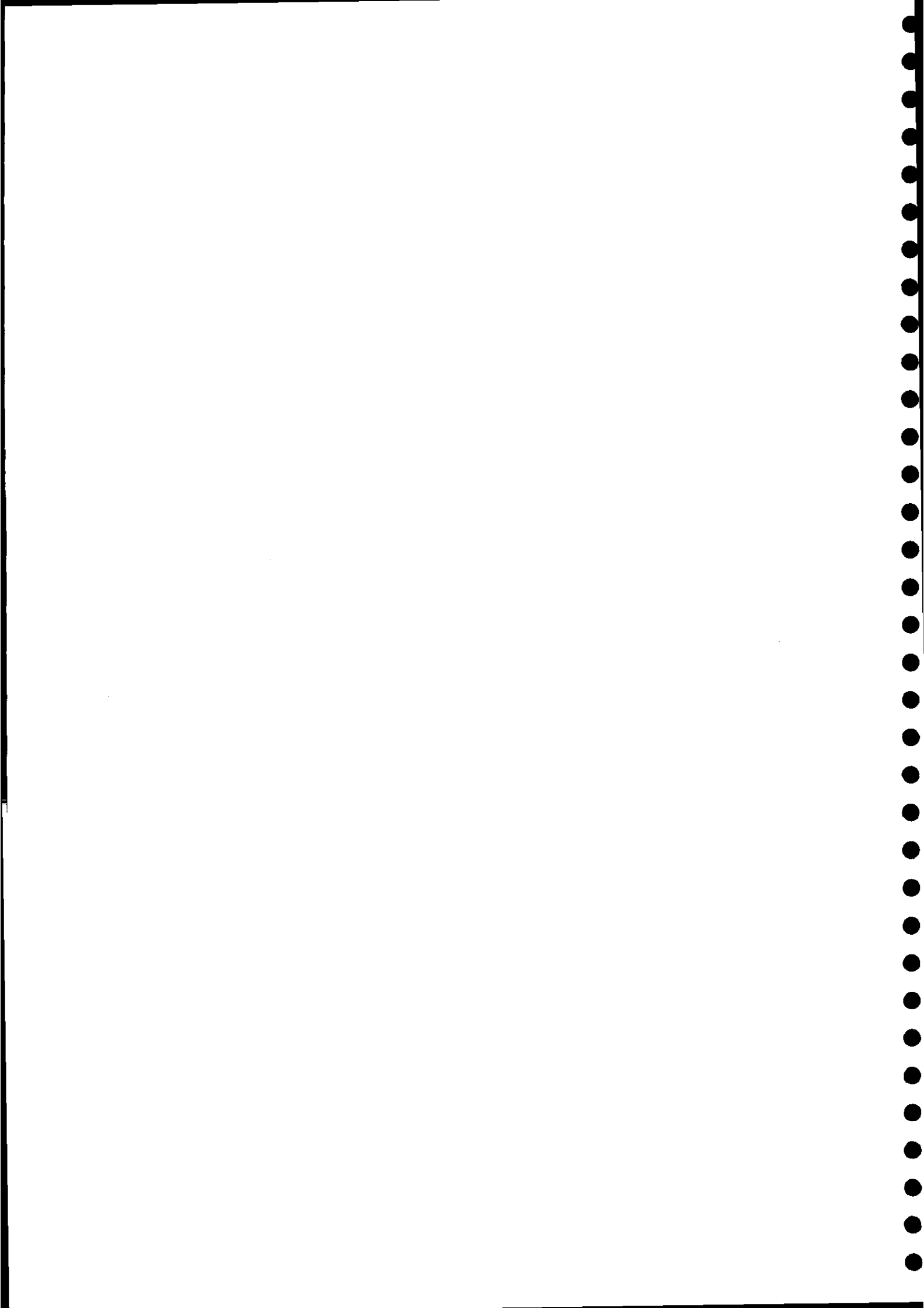
Bird and Bird

#### **AUDITORS**

Deloitte & Touche LLP

Chartered Accountants

Reading



# **AXIMA BUILDING SERVICES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2002.

### **ACTIVITIES**

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

- The design, installation and maintenance of mechanical and electrical services in all types of buildings.
- The project management of complete building services installations including specialist 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**

Turnover for the year increased to £96,656,000 (2001 - £95,720,000). The directors look forward to the year 2003 with optimism, entering the year with a significant forward workload and believing that there is a substantial opportunity to further expand and develop the business.

### **DIVIDENDS**

The profit after taxation for the year amounted to £1,373,000 (2001 - loss of £323,000). The directors do not recommend the payment of a dividend (2001 - £nil).

### **DIRECTORS**

The directors who served during the year are set out on page 1.

None of the directors had an interest in the ordinary shares of the company or other companies within the UK group at any time during the year. There were no contracts during the year in which any of the directors had an interest.

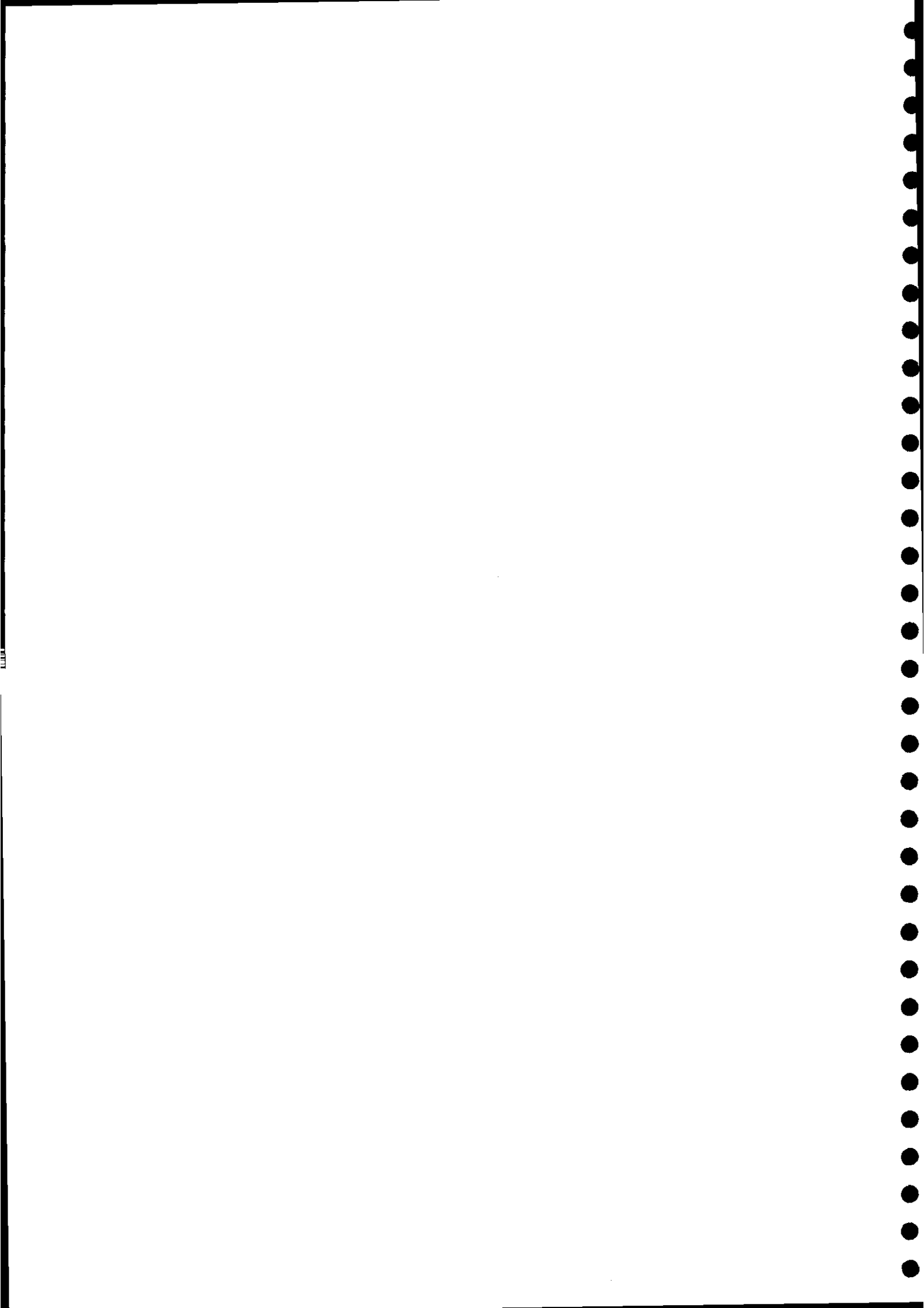
### **POST BALANCE SHEET EVENT**

Due to the reorganisation of the Tractebel/Elyo groups of companies within the UK, the services business of Axima Building Services Limited was transferred to Elyo Services Limited on 1 January 2003.

### **EMPLOYEE INVOLVEMENT**

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

The directors take account of employees' interests when making decisions and suggestions from employees aimed at improving the company's performance are welcomed.



# AXIMA BUILDING SERVICES LIMITED

## DIRECTORS' REPORT (continued)

### 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 are able to perform considering their particular handicap or disability.

### HEALTH AND SAFETY AT WORK

It is the company's policy to develop a health and safety culture throughout the organisation which is committed to the prevention of injuries and ill health of its employees, subcontractors and others who may be affected by its work activities and to prevent any damage or loss to property and equipment.

In recognising that the company's employees are its most valuable asset, the company's policy objectives are largely achieved and maintained by raising the safety awareness of all employees and involving them in the identification of workplace hazards and in making risk assessments. The company, in turn, provides the resources necessary to ensure the provision of both safe systems of work and safe places of work.

Occupational health and safety is embodied within the company's business management system in which continuous improvement of its health and safety performance is an integral part of its overall business objectives.

The company recognises its legal responsibilities and considers that health and safety legislation provides a minimum standard, which forms the foundation for the ongoing development of its health and safety management system in addressing changing business and legislative needs.

During the year, the company received the 2002 ROSPA Gold Medal for Occupational Health and Safety in recognition of having achieved eight successive Gold Awards.

### ENVIRONMENT

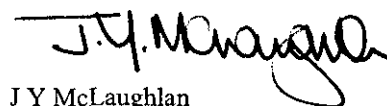
It is the policy of the company to minimise the impacts on the environment of its operations in a responsible and accountable way by means of a programme of continuous improvement, balancing the needs of the environment with operational obligations and available resources.

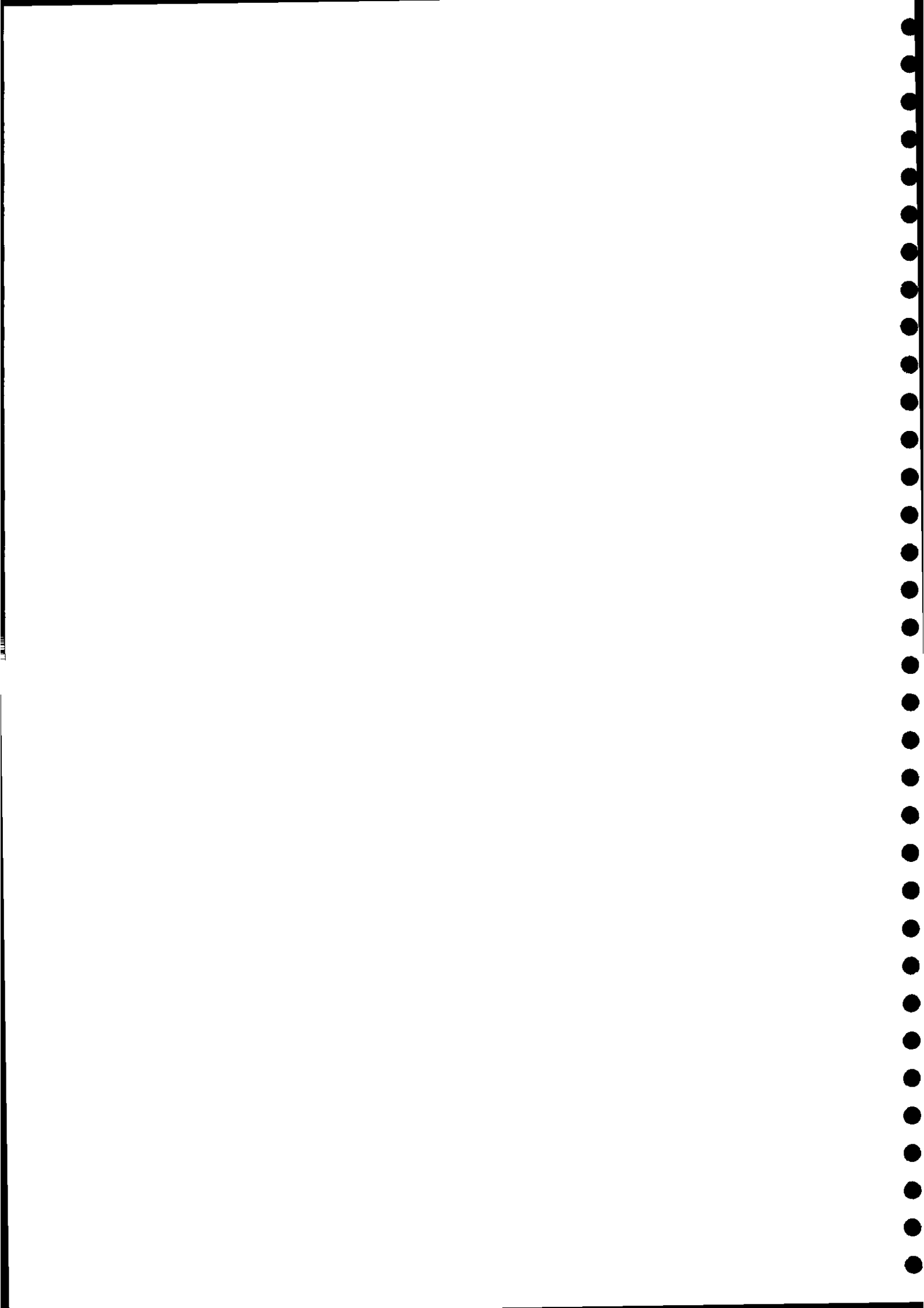
The company aims to meet and, where appropriate, exceed the requirements of all relevant regulations and legislation.

### AUDITORS

On 1 August 2003, Deloitte & Touche transferred their entire business to Deloitte & Touche LLP, a limited liability partnership formed pursuant to the Limited Liability Partnership Act 2000. The Company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP and accordingly the accounts have been signed in the name of Deloitte & Touche LLP. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
J Y McLaughlan  
Director  
17 OCT 2003.



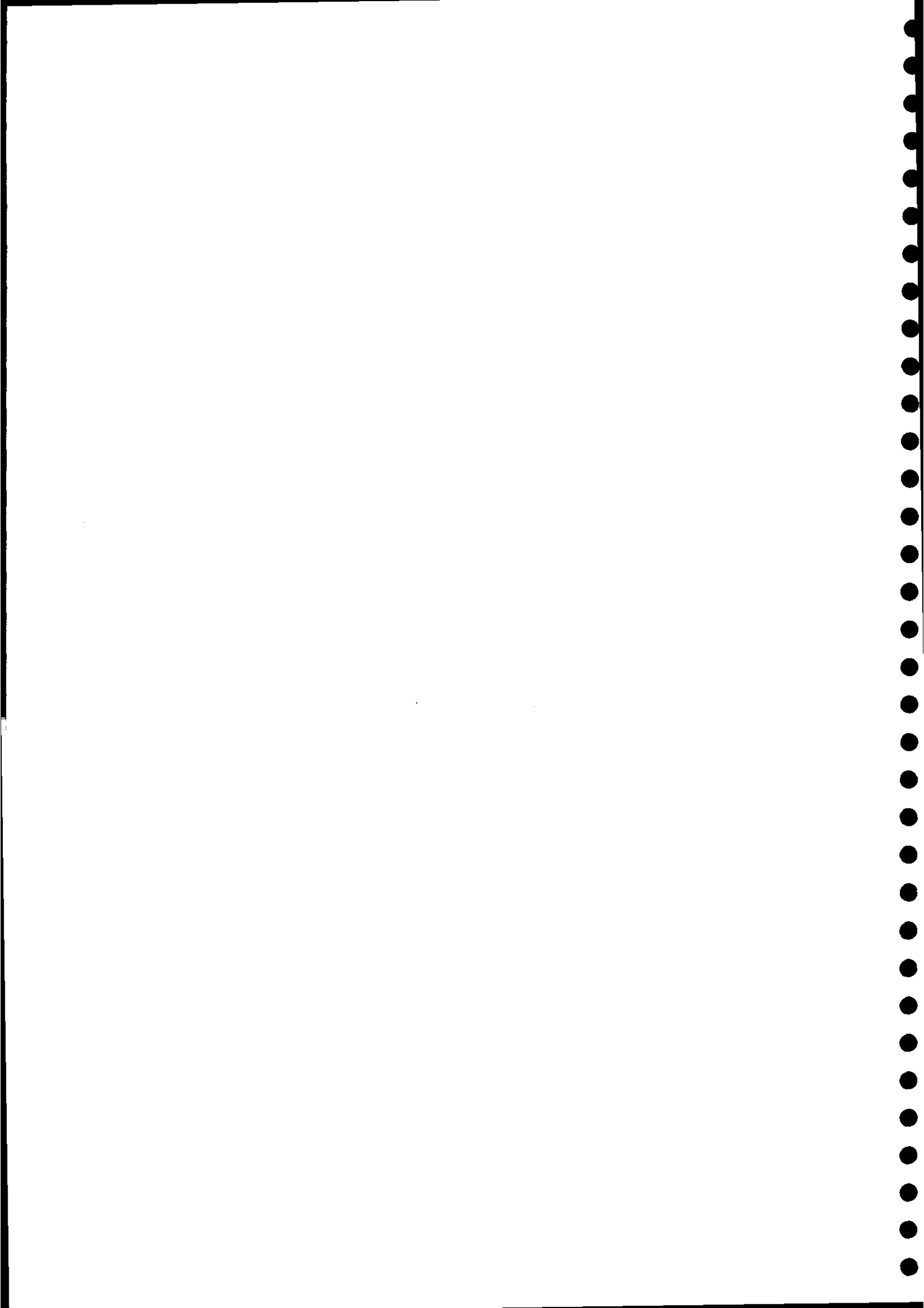
# **AXIMA BUILDING SERVICES LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIMA BUILDING SERVICES LIMITED**

We have audited the financial statements of Axima Building Services Limited for the year ended 31 December 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

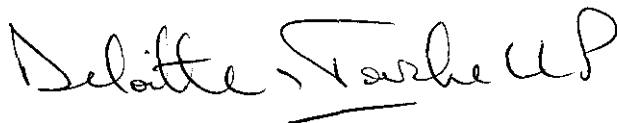
## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

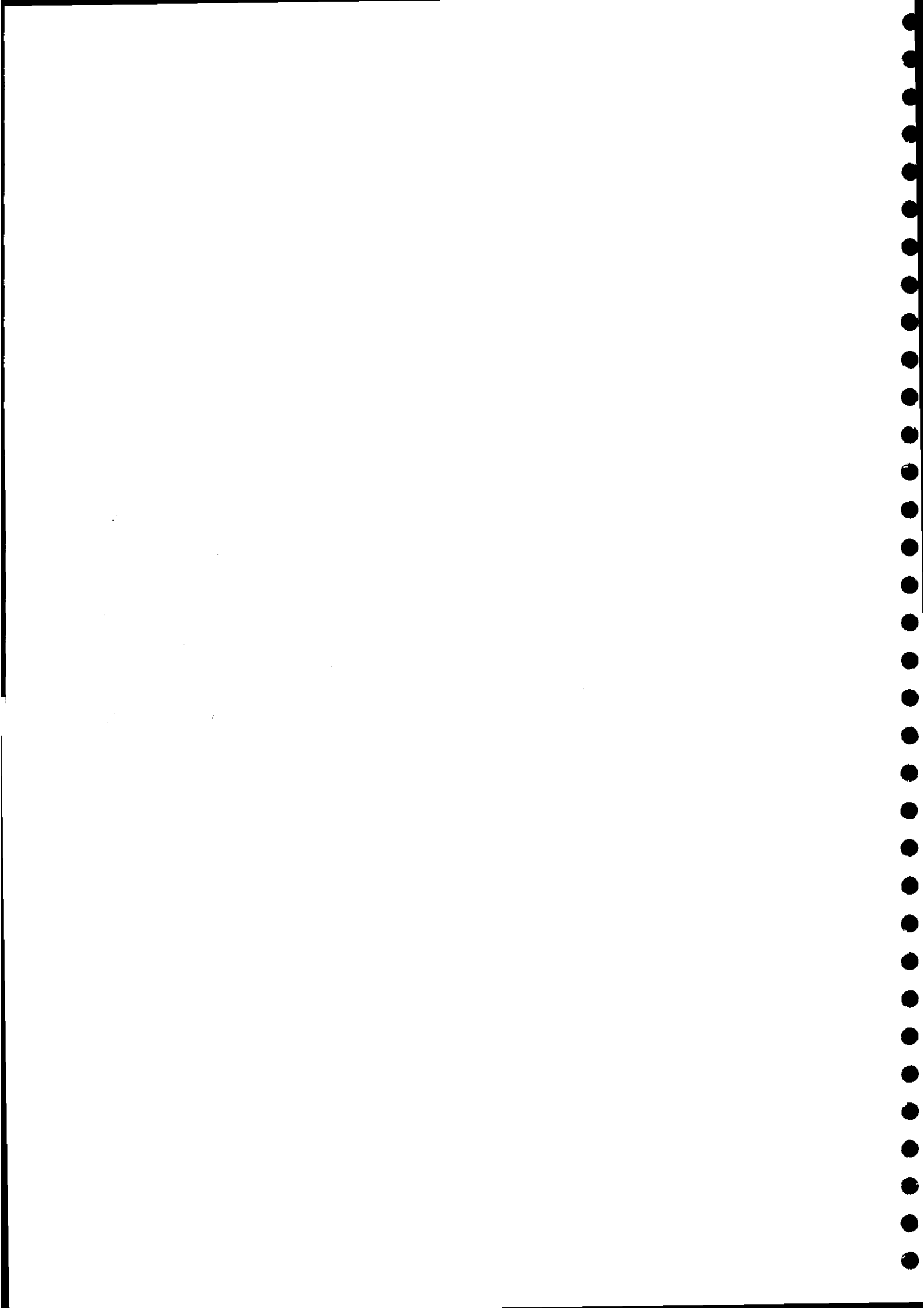
## **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE LLP  
Chartered Accountants and Registered Auditors  
Reading

22 October 2003

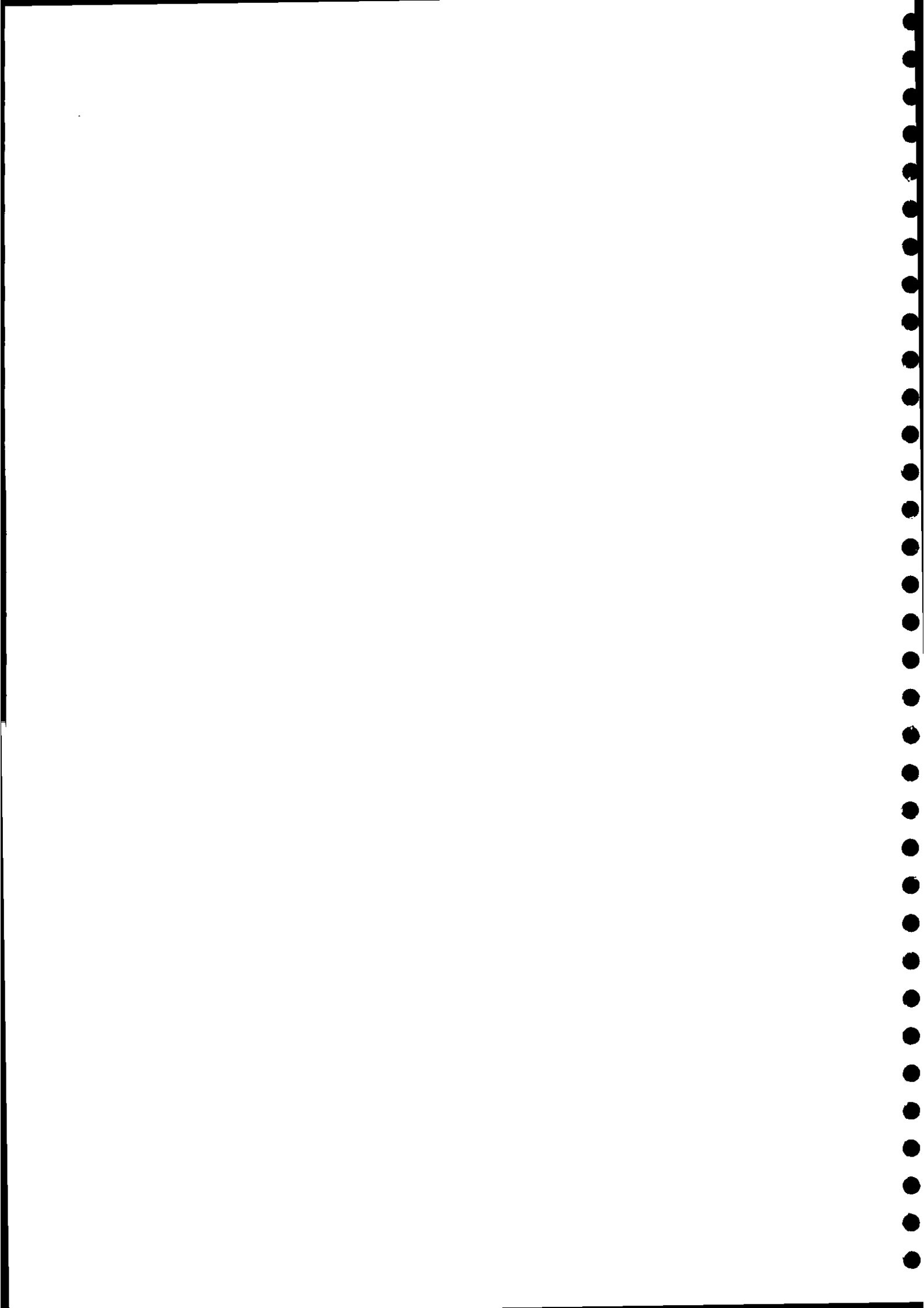


# AXIMA BUILDING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2002

	Note	2002 £'000	2001 (restated) £'000
<b>TURNOVER</b>			
- Continuing operations		62,637	65,028
- Discontinued operations		34,019	30,692
Total turnover	1,2,3	96,656	95,720
(Decrease)/increase in work in progress		(1,013)	1,410
		95,643	97,130
Raw materials and consumables		62,591	66,546
Other external charges			
- Exceptional charge		-	1,995
- Other charges		9,092	8,172
Total other external charges		9,092	10,167
Staff costs	4	21,519	20,319
Depreciation		216	215
Other operating charges		446	547
		93,864	97,794
<b>OPERATING PROFIT/(LOSS)</b>			
- Continuing operations		418	(1,697)
- Discontinued operations		1,361	1,033
Total operating profit/(loss)	3&5	1,779	(664)
Interest receivable and similar income	6	252	303
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,031	(361)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(658)	38
<b>Retained profit/(loss) for the financial year</b>	14	1,373	(323)

The profit and loss account for the year ended 31 December 2001 has been restated for the adoption of FRS19 (see note 15).

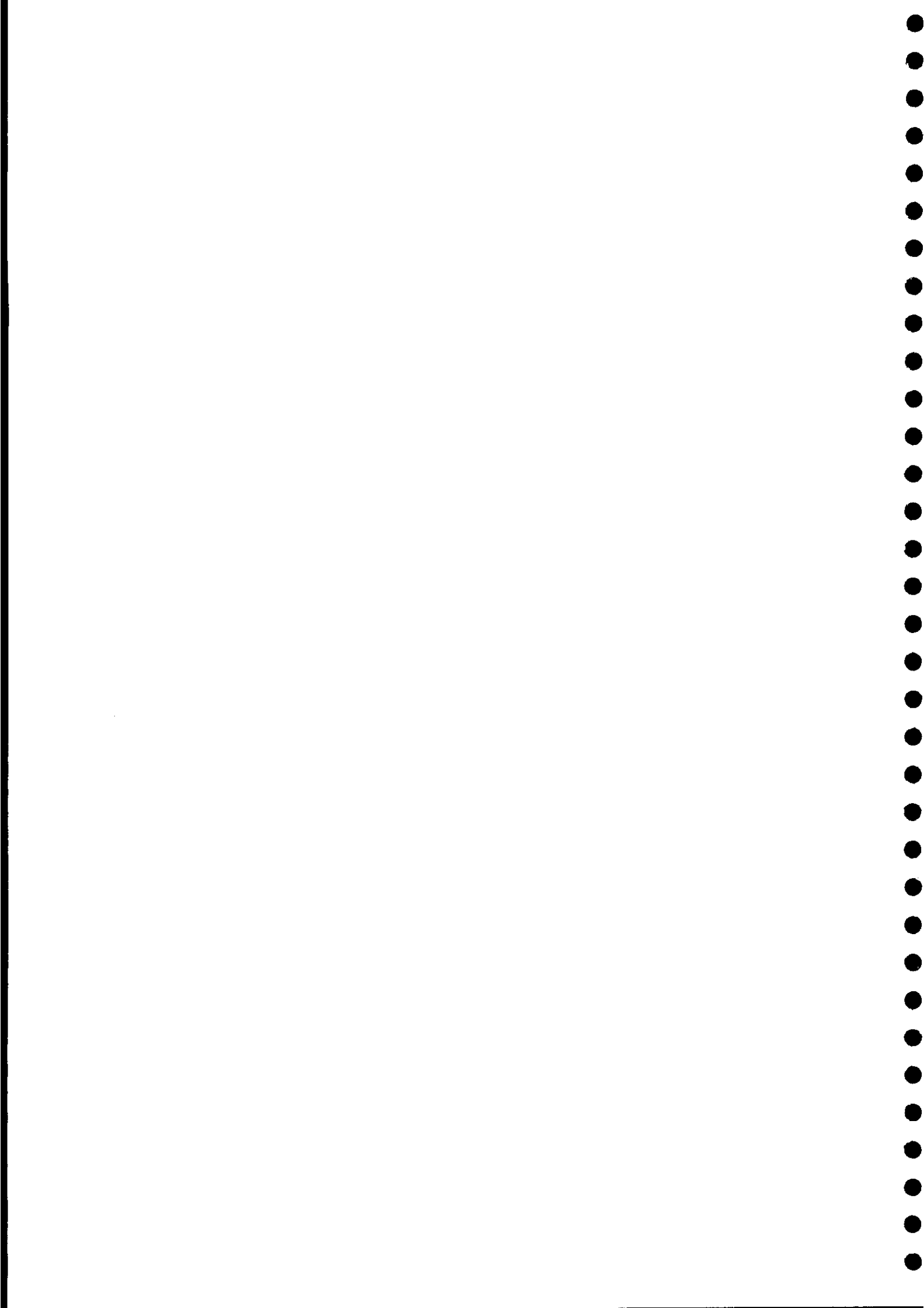


# AXIMA BUILDING SERVICES LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 December 2002

	Note	2002 £'000	2001 (restated) £'000
Profit/(loss) for the financial year		1,373	(323)
Total recognised gains and losses in the period		1,373	(323)
Prior year adjustment	15	231	-
Total recognised gains and losses since last annual report		1,604	(323)

The statement of total recognised gains and losses for the year ending 31 December 2001 has been restated for the adoption of FRS19 (see note 15).



# AXIMA BUILDING SERVICES LIMITED

## BALANCE SHEET

As at 31 December 2002

	Note	2002 £'000	2001 (restated) £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	504	552
<b>CURRENT ASSETS</b>			
Stocks	9	1,835	2,858
Debtors			
- due in less than one year	10	16,333	17,781
Cash at bank and in hand		12,780	8,522
		30,948	29,161
<b>CREDITORS: amounts falling due within one year</b>			
Payments received on account		4,469	5,976
Trade creditors		12,901	13,232
Contract loss provisions		2,216	1,460
Amounts owed to group companies	11	224	593
Other creditors including taxation and social security	12	3,214	2,189
Accruals and deferred income		3,841	4,445
		26,865	27,895
<b>NET CURRENT ASSETS</b>		4,083	1,266
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,587	1,818
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	5,966	4,570
Profit and loss account	14	(1,379)	(2,752)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14	4,587	1,818

The balance sheet as at 31 December 2001 has been restated for the adoption of FRS19 (see note 15).

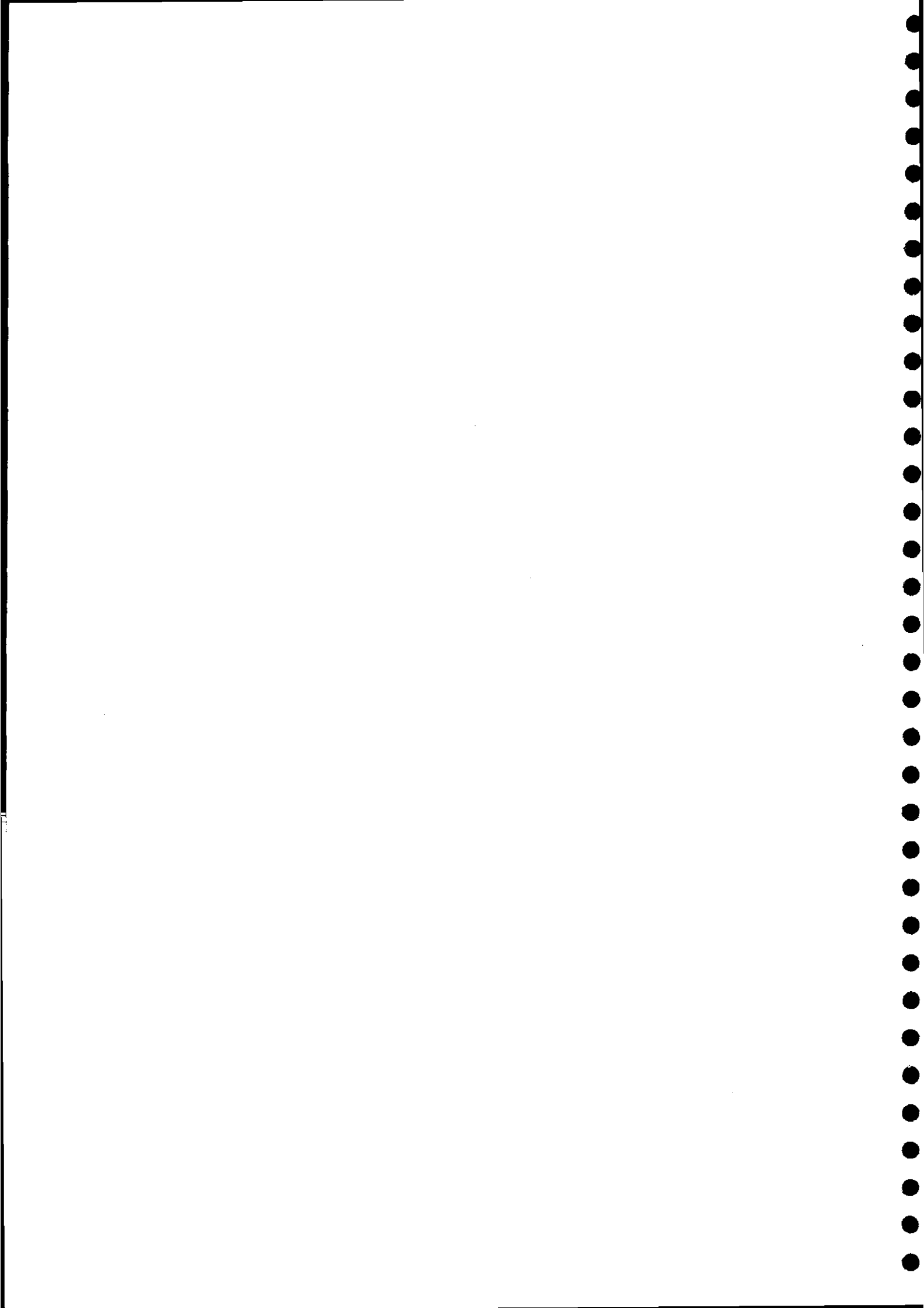
These accounts and notes were approved by the Board of Directors on 17.10.03. 2003.

Signed on behalf of the Board of Directors



W A Webb

Managing Director



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**1. ACCOUNTING POLICIES**

The accounts and notes are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The accounts are prepared under the historical cost convention.

**Stocks and long term contracts**

Raw materials 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 are represented by 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.

**Fixed assets**

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

Plant and machinery	20% per annum
Fixtures, fittings and equipment	10%-33% per annum

**Turnover**

Turnover represents the value of goods and services provided to customers during the year net of value added tax. All turnover arose in the United Kingdom and relates to the company's principal activities which the directors consider to be one class of business.

**Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

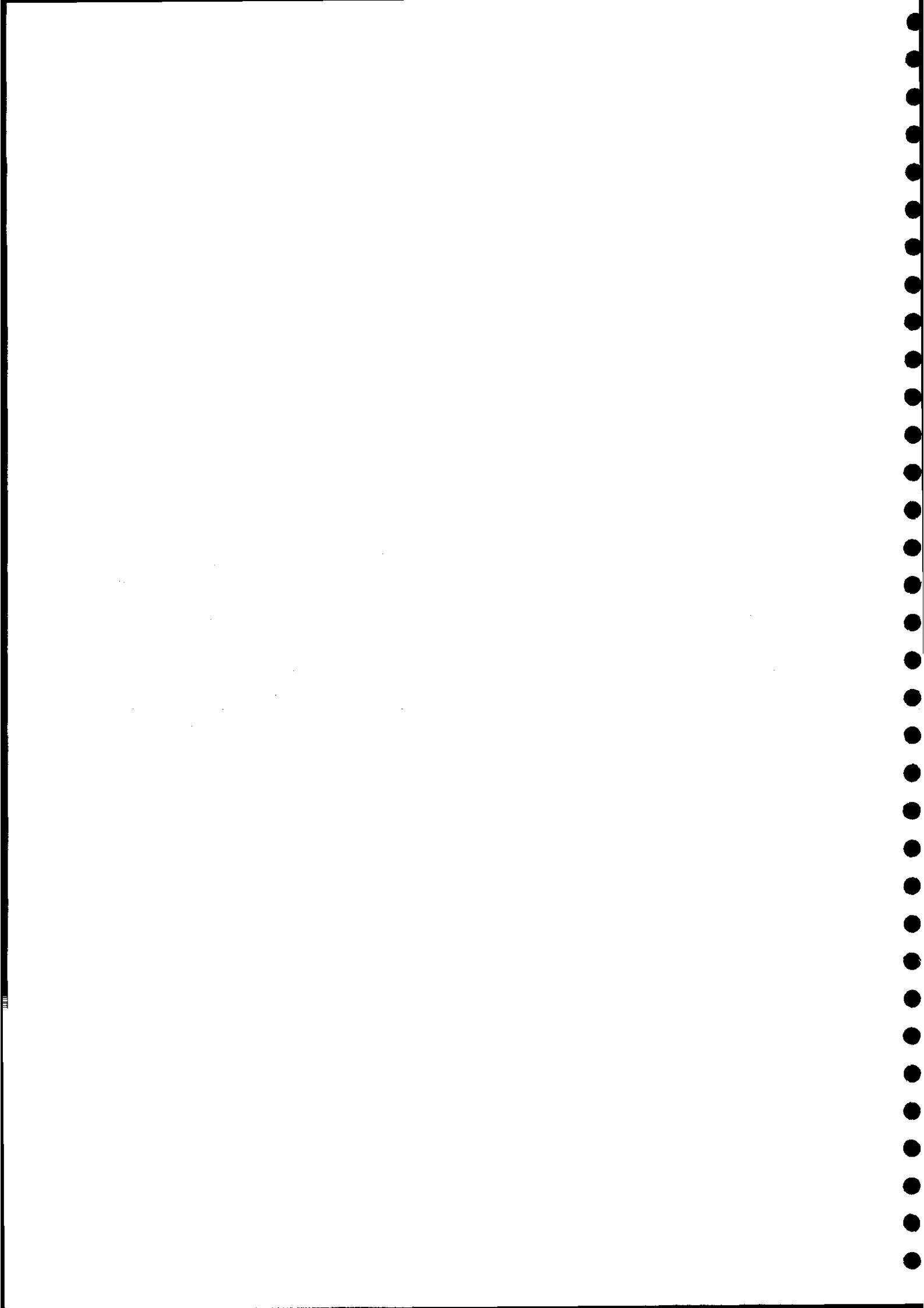
**Pension costs**

The company operates a defined benefit pension scheme. 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.

The company also operates three group personal pension schemes on a contracted in money purchase basis. Contributions to the scheme are charged to the profit and loss account in the year of expenditure.

**Leases**

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



# AXIMA BUILDING SERVICES LIMITED

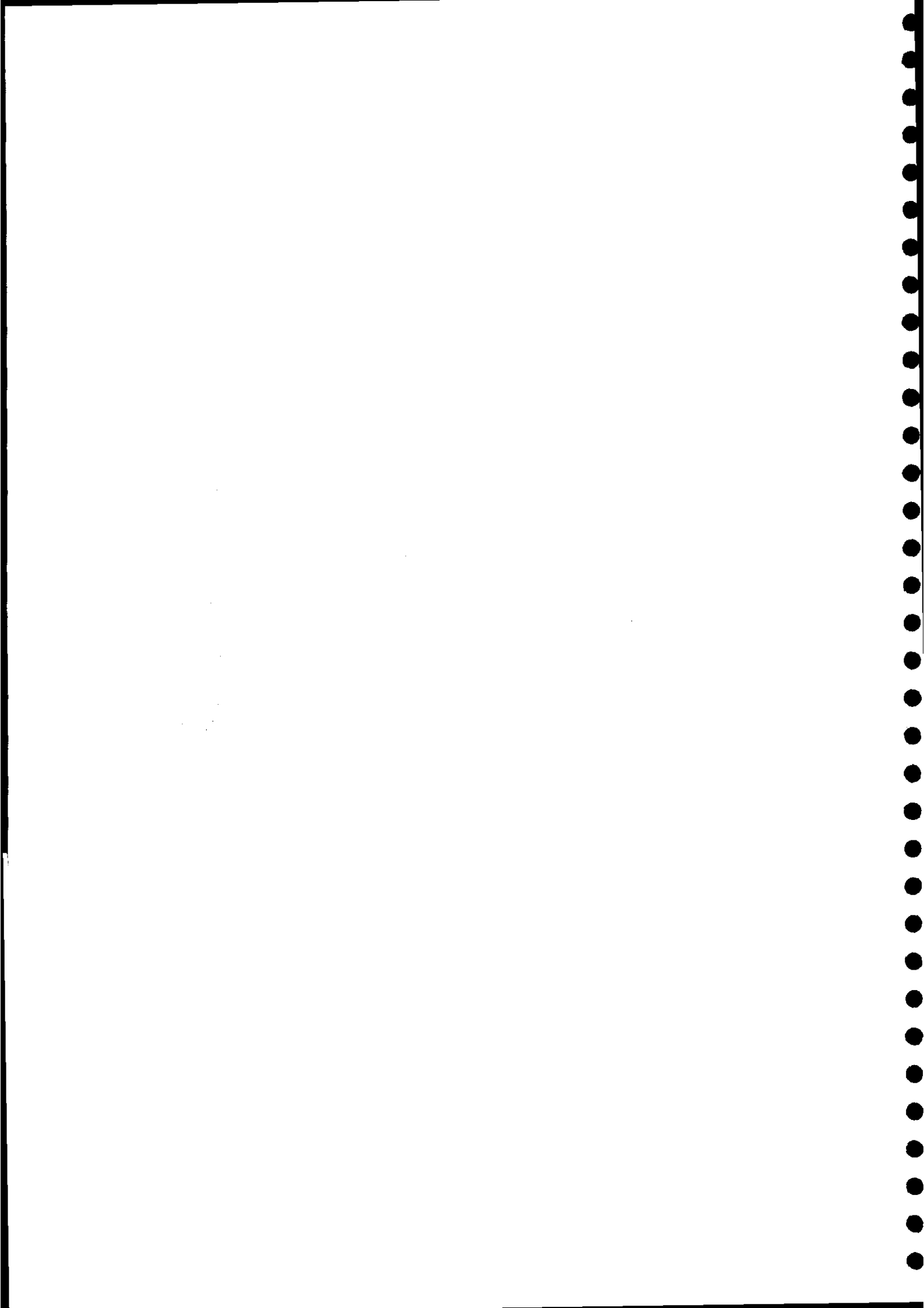
## NOTES TO THE ACCOUNTS Year ended 31 December 2002

### 2. TURNOVER

	2002 £'000	2001 £'000
With third parties	96,246	95,302
Within the group	410	418
	<u>96,656</u>	<u>95,720</u>

### 3. ANALYSES OF CONTINUING AND DISCONTINUED OPERATIONS

	2002 Continuing £'000	2002 Discontinued £'000	2002 Total £'000	2001 Continuing £'000	2001 Discontinued £'000	2001 Total £'000
Turnover	62,637	34,019	96,656	65,028	30,692	95,720
(Decrease)/increase in work in progress	(1,013)	-	(1,013)	1,410	-	1,410
	<u>61,624</u>	<u>34,019</u>	<u>95,643</u>	<u>66,438</u>	<u>30,692</u>	<u>97,130</u>
Raw materials and consumables	46,431	16,160	62,591	51,869	14,677	66,546
Other external charges						
Exceptional charge	-	-	-	1,995	-	1,995
Other charges	5,524	3,568	9,092	5,561	2,611	8,172
Total other external charges	<u>5,524</u>	<u>3,568</u>	<u>9,092</u>	<u>7,556</u>	<u>2,611</u>	<u>10,167</u>
Staff costs	8,852	12,667	21,519	8,247	12,072	20,319
Depreciation	160	56	216	166	49	215
Other operating charges	<u>239</u>	<u>207</u>	<u>446</u>	<u>297</u>	<u>250</u>	<u>547</u>
	<u>61,206</u>	<u>32,658</u>	<u>93,864</u>	<u>68,135</u>	<u>29,659</u>	<u>97,794</u>
Total operating profit/(loss)	<u>418</u>	<u>1,361</u>	<u>1,779</u>	<u>(1,697)</u>	<u>1,033</u>	<u>(664)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**4. DIRECTORS AND EMPLOYEES**

	2002 £'000	2001 £'000
<b>Directors' emoluments</b>		
Remuneration	373	456
Pension contributions	68	73
	<u>          </u>	<u>          </u>

Remuneration includes salary and, if appropriate, bonus and the taxable benefit associated with the provision of a company vehicle.

Four directors were members of the group defined benefit pension scheme in both years.

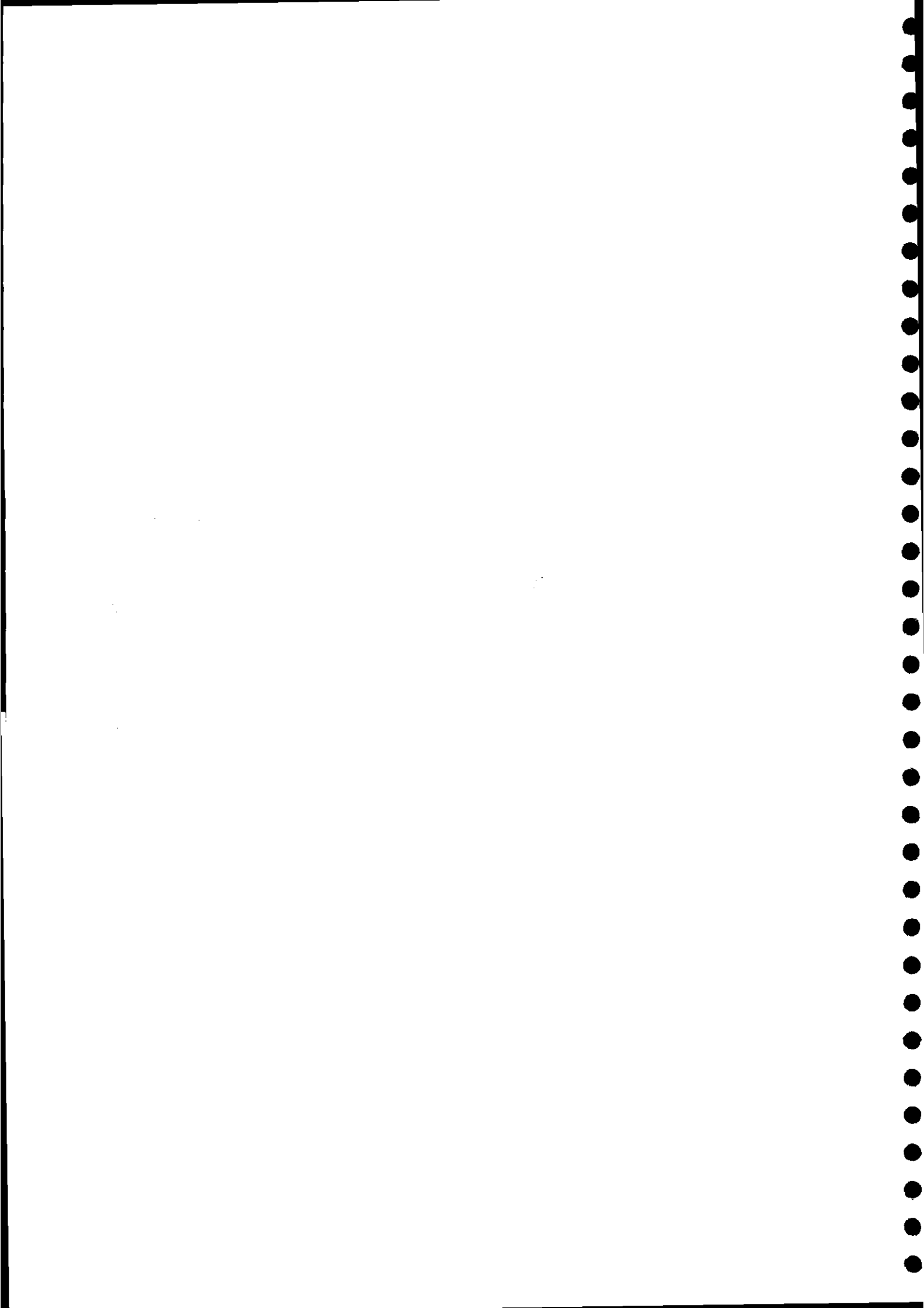
The highest paid director received salary and benefits (excluding pension contributions) totalling £141,457 (2001 - £106,822). His accrued pension benefit under the group defined benefit scheme was approximately £50,319 per annum at the balance sheet date (2001 - £51,996).

H M Thomas and E E Oleffe's remuneration is paid by a fellow group undertaking in respect of their services to group companies. The portion of this that relates to the company is £nil (2001: £nil).

	2002 £'000	2001 £'000
<b>Staff costs comprise:</b>		
Wages and salaries	19,148	18,214
Social security costs	1,612	1,534
Other pension costs	759	571
	<u>          </u>	<u>          </u>
	21,519	20,319
	<u>          </u>	<u>          </u>

The average monthly number of employees during the year was:

	2002 No.	2001 No.
Technical and production	548	554
Administration	133	113
	<u>          </u>	<u>          </u>
	681	667
	<u>          </u>	<u>          </u>



# AXIMA BUILDING SERVICES LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2002

### 5. OPERATING PROFIT/(LOSS)

	2002 £'000	2001 £'000
Operating profit/(loss) is stated after charging:		
Depreciation	216	215
Auditors' remuneration:		
- audit fees	38	30
- other services	12	14
Operating lease rentals:		
- hire of plant and machinery	849	925
- other operating leases	249	210
Exceptional charges	-	1,995

#### Prior year exceptional charges

As a consequence of the disposal of Axima Building Services Limited in August 2001 by Sulzer AG, its previous parent, as of 31 May 2002 the company was no longer a member of the Sulzer Group pension scheme. The pension fund prepayment of £1,995,000 was consequently no longer recognised as recoverable and was therefore written off during 2001 in accordance with applicable accounting standards.

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Interest from bank deposits	252	303

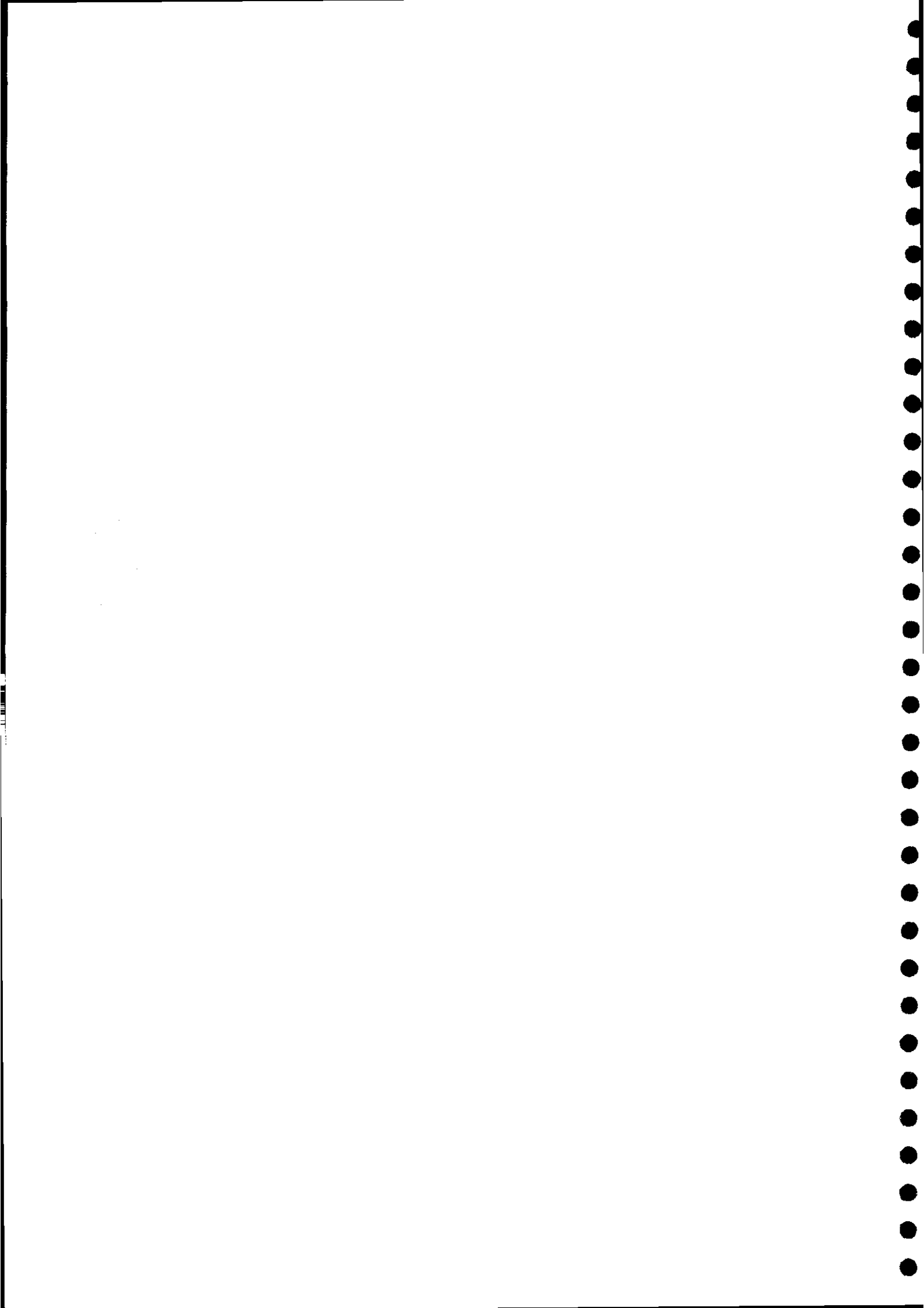
### 7. TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2002 £'000	2001 (restated) £'000
United Kingdom corporation tax at 30%	740	585
Deferred tax	(76)	(621)
Adjustment relating to prior year:		
Deferred tax	(6)	(2)
	658	(38)

#### Reconciliation to current tax charge:

	2002 %	2001 %
Standard tax rate for period as a percentage of profits	30	30
Expenses not deductible for tax purposes	3	(20)
Capital allowances in excess of depreciation	-	(3)
Movement in short term timing differences	3	(169)
	36	(162)

The previous year has been restated for the adoption of FRS19 – deferred tax.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**8. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2002	216	1,538	1,754
Additions	30	149	179
Disposals	-	(258)	(258)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	246	1,429	1,675
<b>Depreciation</b>			
At 1 January 2002	184	1,018	1,202
Charge for the year	27	189	216
Disposals	-	(247)	(247)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	211	960	1,171
<b>Net book value</b>			
At 31 December 2002	<hr/> 35 <hr/>	<hr/> 469 <hr/>	<hr/> 504 <hr/>
At 31 December 2001	<hr/> 32 <hr/>	<hr/> 520 <hr/>	<hr/> 552 <hr/>

**9. STOCKS**

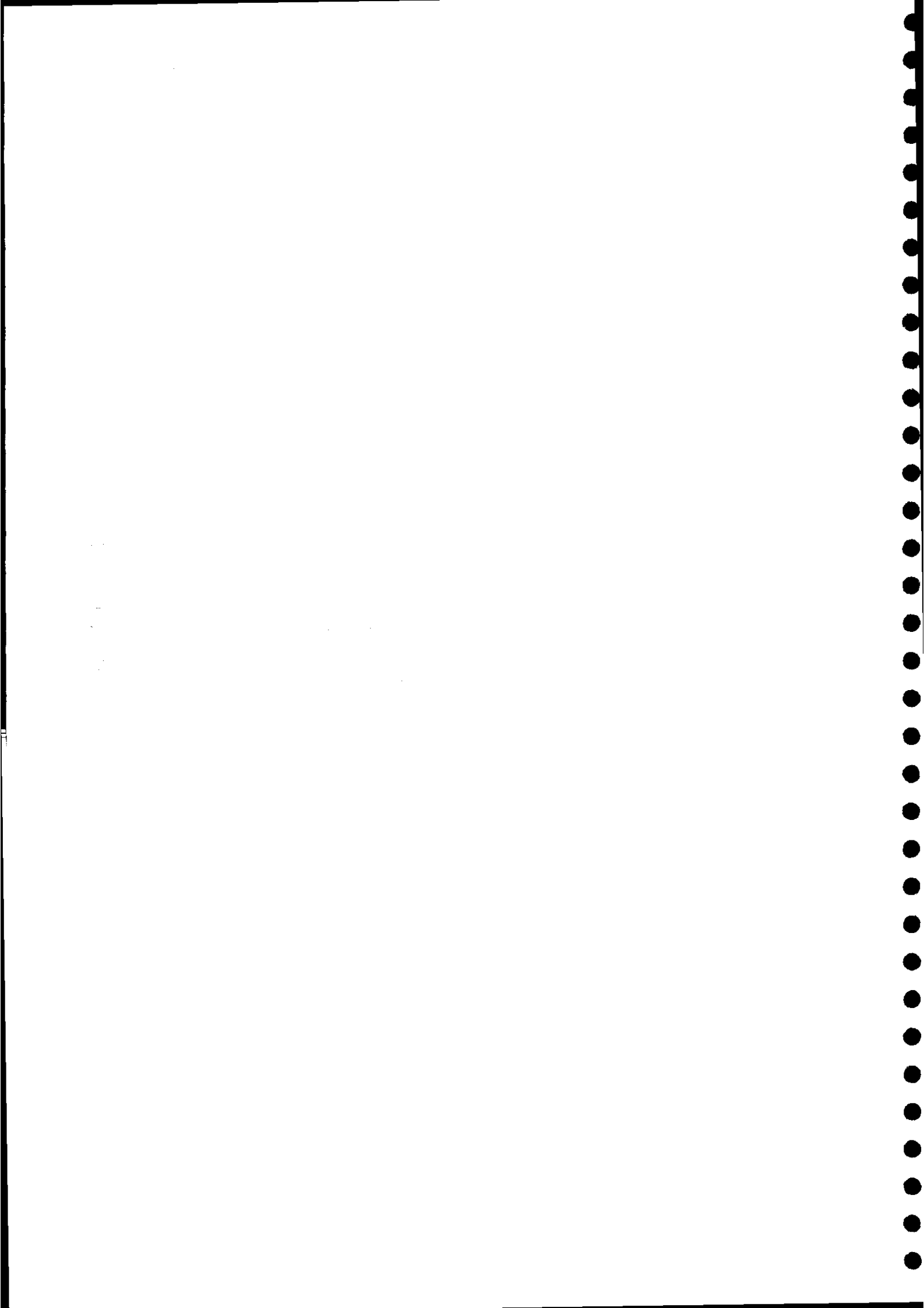
	<b>2002 £'000</b>	<b>2001 £'000</b>
Work in progress	<hr/> 1,835 <hr/>	<hr/> 2,858 <hr/>

In the opinion of the directors there was no significant difference between the replacement cost of stocks and the value shown above.

**10. DEBTORS**

	<b>2002 £'000</b>	<b>2001 (restated) £'000</b>
<b>Due in less than one year</b>		
Trade debtors	13,519	14,782
Amounts recoverable on contracts	1,917	2,085
Amounts owed by fellow subsidiaries	58	99
Other debtors	119	117
Prepayments and accrued income	407	467
Deferred taxation (see note 15)	313	231
	<hr/> 16,333 <hr/>	<hr/> 17,781 <hr/>

The previous year has been restated for the adoption of FRS19 – deferred tax.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**11. AMOUNTS OWED TO GROUP COMPANIES**

	2002 £'000	2001 £'000
Owed to fellow subsidiaries	224	593

**12. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	2002 £'000	2001 £'000
<b>This heading includes:</b>		
Taxation and social security	3,031	2,124

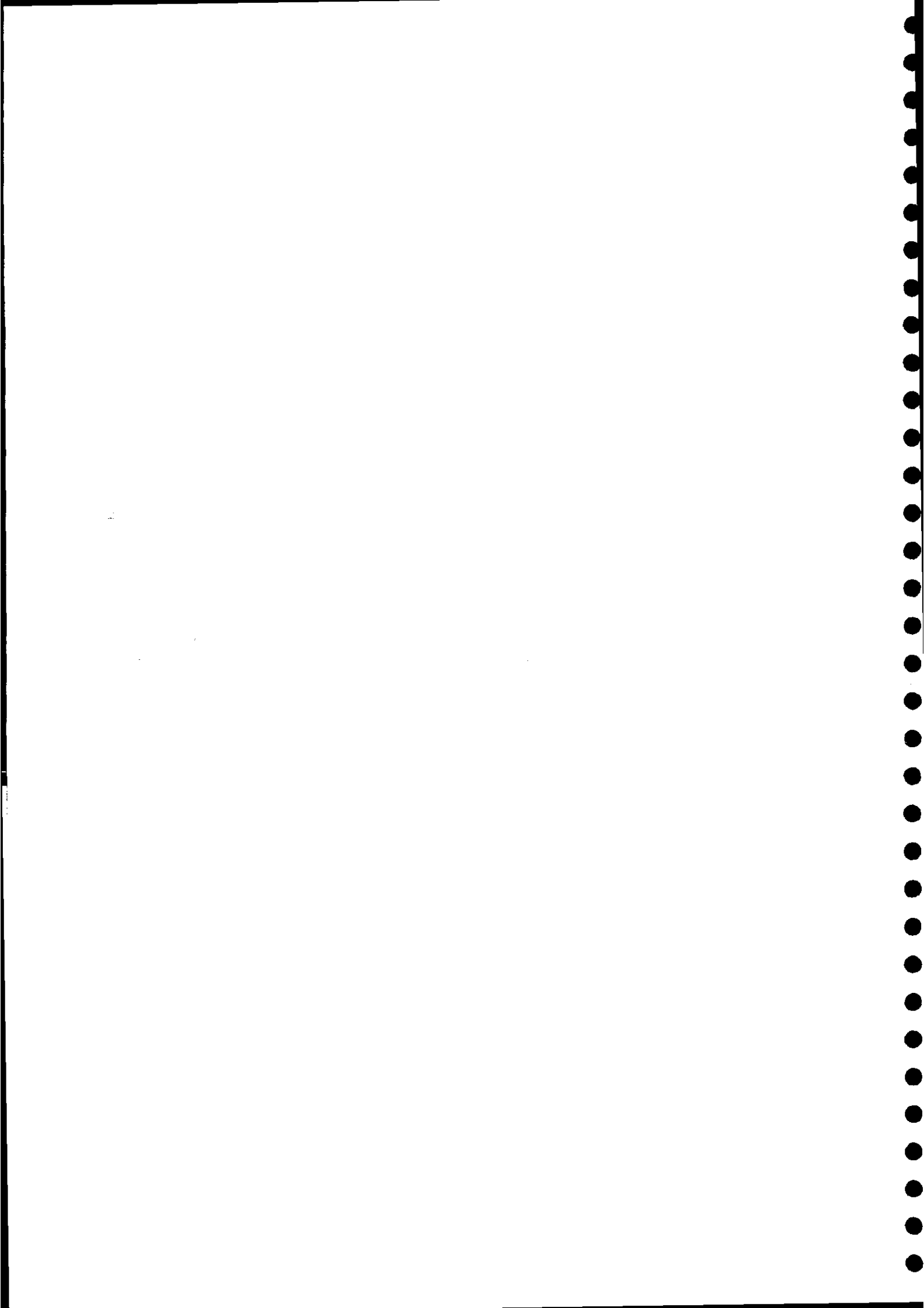
**13. CALLED UP SHARE CAPITAL**

	2002 £'000	2001 £'000
Ordinary shares of £1 each:		
Authorised - 6,570,000 shares	6,570	6,570
Called up, allotted and fully paid – 5,966,000 shares (2001: 4,570,000 shares)	5,966	4,570

Following the write off of the pension fund payment in 2001 (note 5), a capital injection of £1,396,000 in the form of cash was effected on 19<sup>th</sup> April 2002. This balance represented the £1,995,000 written off, less the applicable deferred tax liability, calculated at 30% of the asset value.

**14. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Called up share capital £'000	Profit and loss account (restated) £'000	Total share- holders funds (restated) £'000
At 1 January 2002 (as previously reported)	4,570	(2,983)	1,587
Prior year adjustment (note 15)	-	231	231
At 1 January 2002 (as restated)	4,570	(2,752)	1,818
Share capital issued	1,396	-	1,396
Retained profit for the year	-	1,373	1,373
At the end of the year	5,966	(1,379)	4,587



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

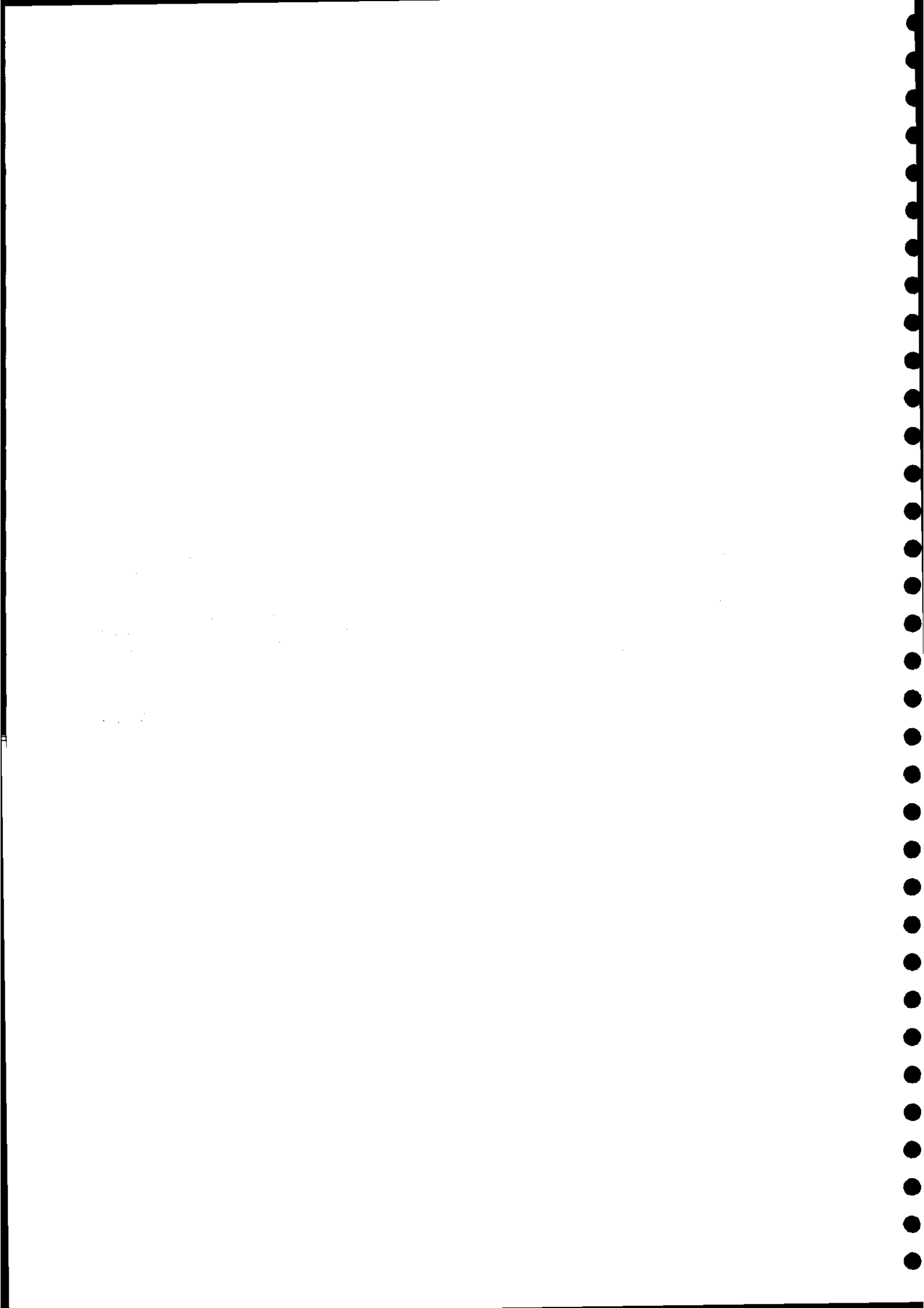
**15. DEFERRED TAXATION**

	<b>Provided 2002 £'000</b>	<b>Provided 2001 (restated) £'000</b>
Deferred taxation:		
Capital allowances in excess of depreciation	92	59
Short term timing differences	221	172
	<hr/>	<hr/>
Deferred tax asset	313	231
	<hr/>	<hr/>
		<b>£'000 (restated)</b>
<b>Movement in the period:</b>		
Restated at 1 January 2002		231
Amount credited to profit and loss account		82
		<hr/>
At 31 December 2002		313
		<hr/>

Adoption of FRS19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the tax on profit on ordinary activities for 2001 has been restated from the previously reported charge of £193,000 to a credit of £38,000. The impact of adopting FRS19 on the 2002 results is a decrease to the tax charge of £82,000.

As a result of these changes in accounting policy the comparatives have been restated as follows:

	<b>Deferred tax £'000</b>	<b>Profit and loss account reserve £'000</b>	<b>Share- holders' funds £'000</b>
2001 as previously reported	-	(2,983)	1,587
Adoption of FRS 19 at 1 January 2001	(392)	(392)	(392)
During year ended 31 December 2001	623	623	623
	<hr/>	<hr/>	<hr/>
Adoption of FRS 19 at 31 December 2001	231	231	231
	<hr/>	<hr/>	<hr/>
2001 restated	231	(2,752)	1,818
	<hr/>	<hr/>	<hr/>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**16. IMMEDIATE AND ULTIMATE PARENT COMPANY**

The immediate parent company is South Humberside Engineering and Fabrication Systems Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The directors regard Suez Lyonnaise des Eaux as the ultimate parent company, being a company incorporated in France, and Tractebel as the ultimate controlling party, a company registered in Belgium. Groupe Fabricom s.a. is the parent of the smallest group to prepare consolidated accounts. Copies of the consolidated financial statements may be obtained from Groupe Fabricom s.a., Rue Gatti de Gamond 254, B-1180 Brussels, Belgium.

The parent company of the largest group to prepare consolidated accounts is Suez Lyonnaise des Eaux, a company incorporated in France, the ultimate parent company of Axima Building Services Limited. Copies of the consolidated financial statements may be obtained from Suez Lyonnaise des Eaux, 1 Rue d'Astorg, 78008, Paris, France.

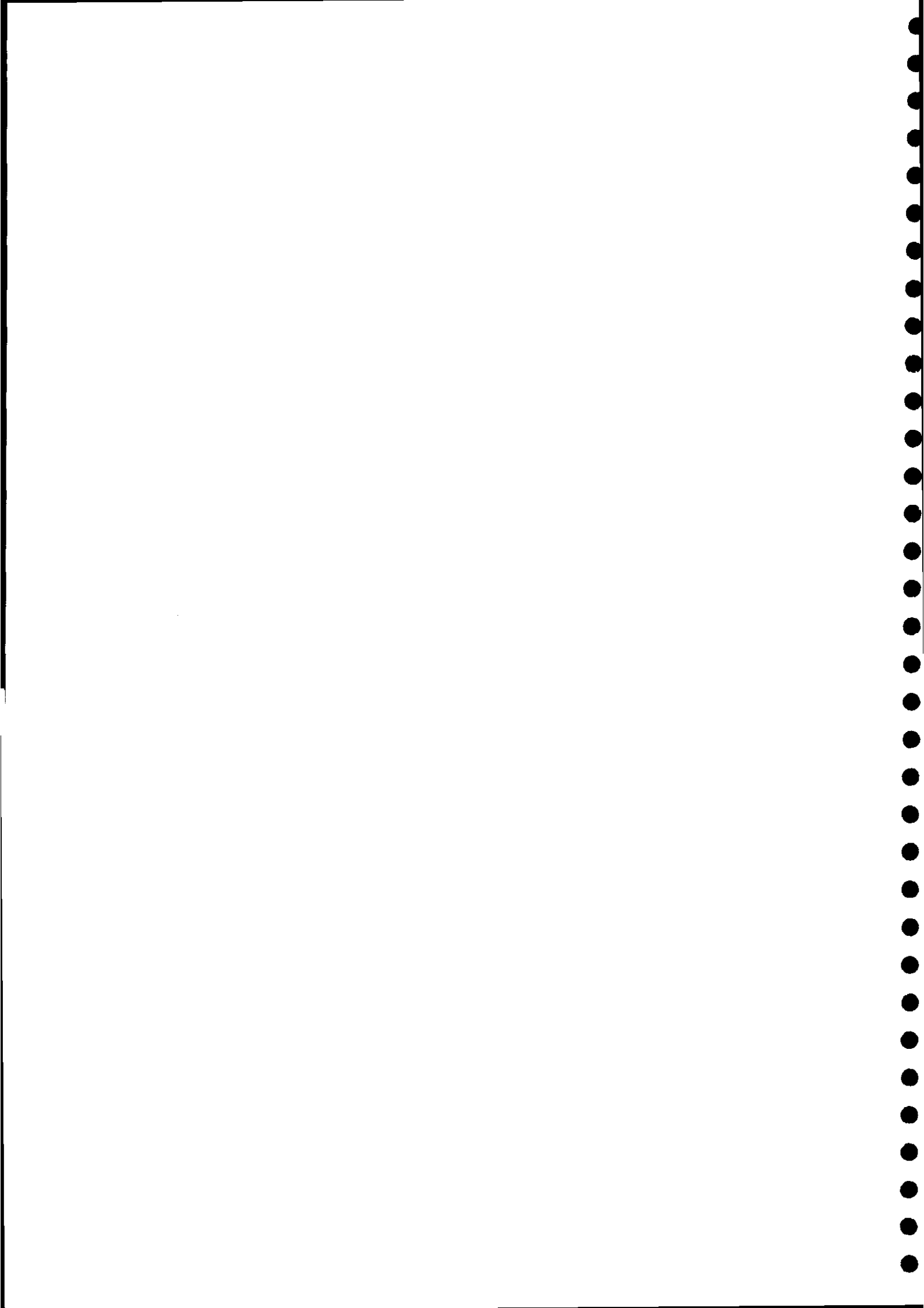
**17. CAPITAL COMMITMENTS**

	2002 £'000	2001 £'000
Authorised but not yet contracted for	251	59

**18. OPERATING LEASE COMMITMENTS**

At 31 December 2002 the company was committed to making the following payments during the next year in respect of operating leases.

	2002		2001
	Land and Buildings £'000	Motor Vehicles £'000	Land and Buildings £'000
<b>Leases which expire:</b>			<b>Motor Vehicles £'000</b>
Within one year	272	53	-
Within two to five years	153	681	272
In more than five years	86	-	130
	<u>511</u>	<u>734</u>	<u>402</u>
			<u>658</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**19. PENSION SCHEME**

Until 31 May 2002 employees of the company participated in the Sulzer Group pension scheme, a defined benefit pension scheme. The company's share of the underlying assets and liabilities cannot be identified and the company therefore accounted for the scheme as a defined contribution scheme in accordance with FRS 17 ("Retirement Benefits"). Pension cost is assessed in accordance with the advice of an independent qualified actuary and the pension cost for 2002 was £248,000 including administration fees.

Details of the latest actuarial valuation of the scheme, which was at 31 December 1999, and available information about the existence of any surplus or deficit in the scheme and the implications thereof to the company are disclosed in the accounts of the previous United Kingdom holding company, Sulzer Holdings (UK) Limited.

As from 1 June 2002, those employees of the Company, who were contributing members of the Sulzer Group pension scheme as at 31 May 2002, were offered the opportunity to join the Axima Building Services Pension Scheme, a defined benefit pension scheme, and to transfer across those service credits accrued under the Sulzer scheme.

The assets of this scheme are held in a separate Trustee administered fund. Due to the infancy of the scheme, as at 31 December 2002, the scheme actuaries have not performed a formal SSAP24 valuation.

The initial Company's contribution rate was set in accordance with the advice of a qualified Actuary using the attained age method.

The actuarial assessment considers a forecast of assets and liabilities in the future according to a set of assumptions, the most important of which are the rate of return on investments and the rate of increase in salaries and pensions.

It was assumed that the investment return would be 6% per annum, salary increases would average 4% per annum and future pensions would increase at 2.5% per annum.

Contributions were paid by the Company and the members at the rate of 13.2% and 6.5% of pensionable salaries, respectively.

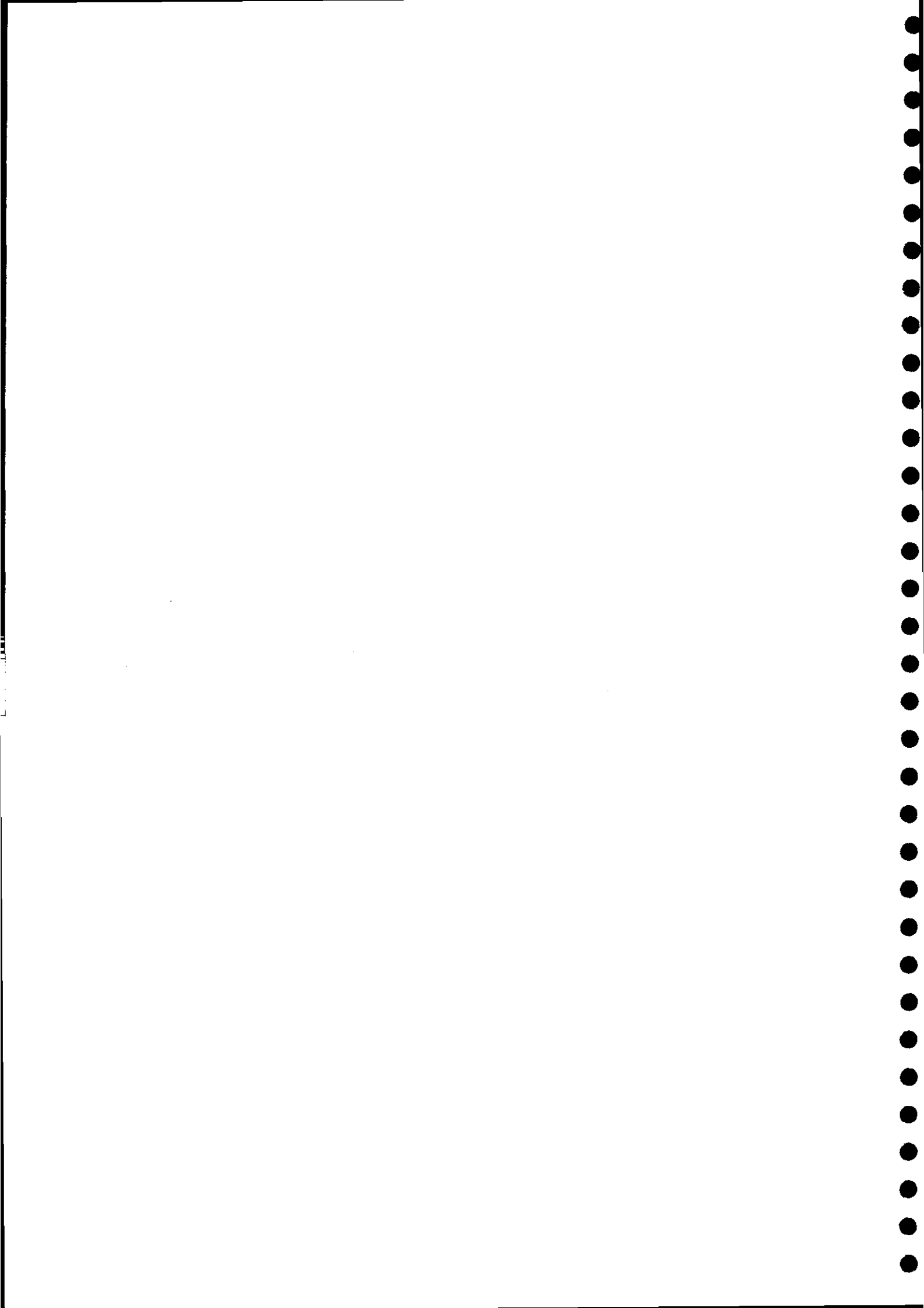
The pension charge for the 7 month period to 31 December 2002 was £446,000 including administration fees.

For disclosure under FRS 17, the assets in the pension scheme have been valued at 31 December 2002 by a qualified independent actuary. The major assumptions used by the actuary for the scheme were:

Discount rate for scheme liabilities	5.5% p.a.
Inflation	2.25% p.a.
Salary increases	3.5% p.a.
Rate of increase of periods in payment	2.5% p.a.

The assets in the scheme and the expected rate of return were:

	Expected rate of return % p.a.	£'000
Bonds	5.5	247.5
Cash	4.0	347.1
Total		594.6
Present value of scheme liabilities		(520.9)
Surplus in the scheme before deferred tax		73.7
Related deferred tax		(22.1)
Surplus in the scheme (net of deferred tax)		51.6



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**19. PENSION SCHEME (CONTINUED)**

Had FRS17 been adopted in full for the year ended 31 December 2002, the profit and loss account would be:

	<b>£'000</b>
Profit and loss account (as reported)	(1,379.0)
Net pension surplus	51.6
	<u>(1,327.4)</u>

**Analysis of the amount that would be charged to operating deficit:**

	<b>2002 £'000</b>
Current service cost	347.1

**Analysis of the amount that would be charged to other finance income:**

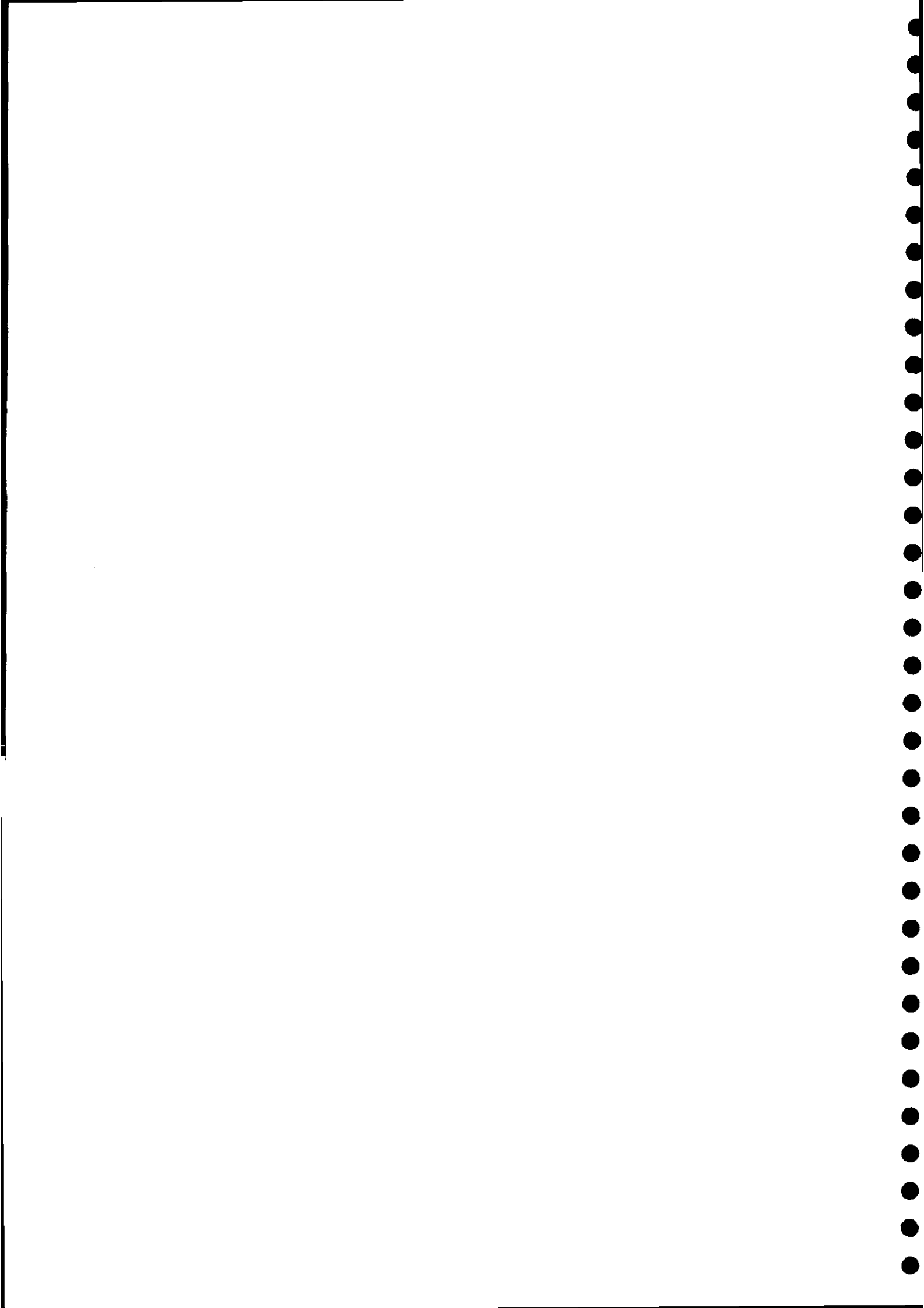
	<b>2002 £'000</b>
Expected return on pension scheme assets	(8.4)
Interest on pension scheme liabilities	7.8
Net return	<u>(0.6)</u>

**Analysis of amount that would be recognised in statement of total recognised gains and losses:**

	<b>2002 £'000</b>
Actual return less expected return on pension scheme assets	26.1
Experience gains and losses arising on the scheme liabilities	(7.3)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(21.0)</u>
Actuarial loss recognised in the STRGL	<u>(2.2)</u>

**History of experience gains and losses**

	<b>2002 £'000</b>
Difference between the expected and actual return on scheme assets:	
Amount (£'000)	26.1
Percentage of scheme assets	<u>4.4%</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**19. PENSION SCHEME (CONTINUED)**

**Experience gains and losses on scheme liabilities:**

	<b>2002</b> <b>£'000</b>
Amount (£'000)	(7.3)
Percentage of the present value of the scheme liabilities	(1.4%)

**Total amount recognised in statement of total recognised gains and losses:**

	<b>2002</b> <b>£'000</b>
Amount (£'000)	(2.2)
Percentage of the present value of the scheme liabilities	(0.4%)

**Movement in surplus during the year:**

	<b>2002</b> <b>£'000</b>
Surplus in scheme at 1 June 2002	"
Current service cost	(347.1)
Contributions	422.4
Other finance income	0.6
Actuarial loss	(2.2)
	<u>73.7</u>

**20. RELATED PARTY TRANSACTIONS**

In accordance with the exemption permitted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, Suez Lyonnaise des Eaux have not been disclosed in these financial statements.

