

Touche
Ross



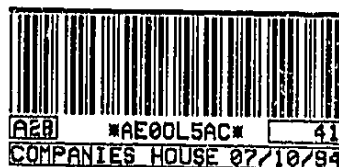
Company Registration No. 2070305

SULZER INFRA (UK) LIMITED

Annual Report and Accounts

31 December 1993

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



Touche
Ross



SULZER INFRA (UK) LIMITED

NOTICE OF MEETING

Notice is hereby given that the seventh Annual General Meeting of Sulzer Infra (UK) Limited will be held at Westmead, Farnborough, Hampshire on 24 March at 9.30 a.m. 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

18 March 1994

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.



ANNUAL REPORT AND ACCOUNTS 1993

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ANNUAL REPORT AND ACCOUNTS 1993

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

V Beglinger
D R Clark
J S Hunt
K Mott
T M Scott (Managing Director)
P J Strangeway
W A Webb

SECRETARY

J Y McLaughlan

REGISTERED OFFICE

Westmead
Farnborough
Hampshire
GU14 7LP

BANKERS

Barclays Bank PLC
Midland Bank PLC
National Westminster Bank PLC

SOLICITORS

Bird & Bird

AUDITORS

Touche Ross & Co.
Chartered Accountants



DIRECTORS' REPORT

The directors present their annual report and the audited accounts of the company for the year ended 31 December 1993.

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 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

Due to the continuing recession within the construction industry, turnover for the year fell to £33,993,000 and the company incurred a pre-tax loss.

The shareholders showed their continued support of the company by a share issue during the year. Details of this are given in note 13 to the accounts.

DIVIDENDS AND TRANSFERS FROM RESERVES

The loss after taxation for the year amounted to £1,977,000 (1992 - £2,113,000). The directors do not recommend the payment of a dividend and the loss has been added to the deficit on reserves.

DIRECTORS

The current directors are shown on page 1. All directors served throughout the year.

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

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

FIXED ASSETS

The movements in tangible fixed assets during the year are detailed in note 7 on page 11.

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 of Sulzer (UK) Holdings Limited, the immediate parent company, 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.

DIRECTORS' REPORT

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.

ENVIRONMENT

The company's policy is outlined in the document 'Our commitment to the environment' which has been issued to all employees and is available to clients, business partners and the public at large.

The company's environmental policy has been reinforced by the introduction and implementation of operating procedures in respect of refrigerants, waste management and the control of legionella.

An 'Environment Action' campaign has been initiated. This aims to increase environmental awareness of all employees and in doing so raise the level of the company's environmental performance.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the company has maintained indemnity insurance for directors against liability incurred by them in relation to the company.

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.

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



K Matt

Director

24 March 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 these 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;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



K Matt, Director

24 March 1994

**Touche
Ross**



Chartered Accountants

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SULZER INFRA (UK) LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.

Chartered Accountants and
Registered Auditors

24 March 1994

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Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton

Principal place of business at which a list of partners' names is available:
Peterborough Court, 133 Fleet Street, London EC4A 2TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**Touche
Ross
International**

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1993

	Note	1993 £'000	1992 £'000
TURNOVER	2	33,993	38,881
Increase/(decrease) in work in progress		27	(92)
Other operating income		34	33
		<u>34,054</u>	<u>38,822</u>
Raw materials and consumables		25,538	27,941
Other external charges		3,552	4,812
Staff costs	3	7,758	9,604
Depreciation		239	326
Other operating charges		187	151
		<u>37,274</u>	<u>42,834</u>
OPERATING LOSS	4	(3,220)	(4,012)
Interest receivable and similar income	5	227	647
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(2,993)</u>	<u>(3,365)</u>
Taxation credit on loss on ordinary activities	6	1,016	1,252
		<u>(1,977)</u>	<u>(2,113)</u>
Loss for the financial year added to the deficit on reserves		(1,977)	(2,113)
Retained (loss)/profit brought forward		<u>(1,495)</u>	<u>618</u>
Retained loss carried forward		<u>(3,472)</u>	<u>(1,495)</u>

All activities arise from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
As at 31 December 1993

	Note	1993 £'000	1992 £'000
FIXED ASSETS			
Tangible assets	7		451
CURRENT ASSETS			
Stocks	8	124	126
Debtors			
- due in more than one year	9	1,434	1,104
- due in less than one year	9	7,654	9,055
Cash at bank and in hand		4,207	5,352
		<u>13,419</u>	<u>15,638</u>
CREDITORS: amounts falling due within one year			
Payments received on account		1,366	2,983
Trade creditors		8,606	8,973
Amounts owed to group companies	10	597	528
Other creditors including taxation and social security	11	539	440
Accruals and deferred income		1,413	1,051
		<u>12,521</u>	<u>13,975</u>
NET CURRENT ASSETS		<u>898</u>	<u>1,663</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,172</u>	<u>2,114</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>74</u>	<u>39</u>
		<u>1,098</u>	<u>2,075</u>
CAPITAL AND RESERVES			
Called up share capital	13	4,570	3,570
Profit and loss account		(3,472)	(1,495)
	14	<u>1,098</u>	<u>2,075</u>

These accounts and notes were approved by the Board of Directors on 24 March 1994.

Signed on behalf of the Board of Directors

T M Scott

Managing Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

1. ACCOUNTING POLICIES

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

Accounting convention

The accounts are prepared under the historical cost convention and on a going concern basis, the immediate parent company having indicated that it will provide any necessary financial support for the foreseeable future.

Stocks

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%-20% per annum
Motor vehicles	25% per annum

Turnover

Turnover represents the value of goods and services performed for customers during the year net of value added tax. All turnover arose in the United Kingdom.

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.

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.

Leases

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

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

2. TURNOVER

	1993 £'000	1992 £'000
With third parties	33,987	38,873
Within the group	6	8
	<u>33,993</u>	<u>38,881</u>

3. DIRECTORS AND EMPLOYEES

	1993 £	1992 £
Remuneration of highest paid director	<u>86,800</u>	<u>83,200</u>

Other directors had remuneration within the indicated ranges:

Range (Gross)	1993 No.	1992 No.
£ 0 - £ 5,000	2	2
£40,001 - £45,000	1	1
£45,001 - £50,000	1	1
£50,001 - £55,000	1	1
£55,001 - £60,000	1	1
£60,001 - £65,000	-	1
	<u> </u>	<u> </u>

	1993 £'000	1992 £'000
Staff costs comprise:		
Wages and salaries	6,739	8,333
Social security costs	609	668
Other pension costs	141	74
Exceptional redundancy costs	269	529
	<u>7,758</u>	<u>9,604</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

3. DIRECTORS AND EMPLOYEES (continued)

	1993 No.	1992 No.
The average number of employees each week during the year was:		
Technical and production	258	354
Administration	85	93
	<u>343</u>	<u>447</u>

4. OPERATING LOSS

	1993 £'000	1992 £'000
Is after (crediting)/charging:		
Profit on sale of tangible fixed assets	(34)	(33)
Directors' emoluments		
- Salaries	313	334
- Compensation for loss of office	-	35
Auditors' remuneration		
- for audit	25	32
- for other services	5	7
Operating lease rentals		
- hire of plant and machinery	118	179
- other operating leases	416	397
	<u></u>	<u></u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1993 £'000	1992 £'000
Income from bank deposits	<u>227</u>	<u>647</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

6. TAXATION CREDIT ON LOSS ON ORDINARY ACTIVITIES

	1993 £'000	1992 £'000
The taxation credit for the year is as follows:		
United Kingdom corporation tax credit at 33% (1992 - 33%)	1,010	1,148
Deferred tax charge	(29)	(39)
	<u>981</u>	<u>1,109</u>
Adjustment in respect of prior years		
Corporation tax	41	(8)
Deferred tax	(6)	151
	<u>1,016</u>	<u>1,252</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 1993	129	940	1,055	2,124
Additions	6	31	33	70
Disposals	-	(218)	(178)	(396)
	<u>135</u>	<u>753</u>	<u>910</u>	<u>1,798</u>
At 31 December 1993				
Depreciation				
At 1 January 1993	(109)	(731)	(833)	(1,673)
Charge for the year	(9)	(87)	(143)	(239)
Disposals	-	218	170	388
	<u>(118)</u>	<u>(600)</u>	<u>(806)</u>	<u>(1,524)</u>
At 31 December 1993				
Net book value				
At 31 December 1993	<u>17</u>	<u>153</u>	<u>104</u>	<u>274</u>
At 31 December 1992	<u>20</u>	<u>209</u>	<u>222</u>	<u>451</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

8. STOCKS

	1993 £'000	1992 £'000
Raw materials	9	38
Work in progress	115	88
	<u>124</u>	<u>126</u>

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

9. DEBTORS

	1993 £'000	1992 £'000
Due in more than one year		
Amounts owed by immediate parent company	375	253
Pension fund prepayment	1,059	851
	<u>1,434</u>	<u>1,104</u>
Due in less than one year		
Trade debtors	5,271	7,085
Amounts recoverable on contracts	1,126	491
Other debtors	1,017	1,152
Other prepayments and accrued income	240	328
	<u>7,654</u>	<u>9,056</u>

10. AMOUNTS OWED TO GROUP COMPANIES

	1993 £'000	1992 £'000
Owed to ultimate parent company	108	372
Owed to immediate parent company	393	-
Owed to fellow subsidiaries	96	156
	<u>597</u>	<u>528</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1993 £'000	1992 £'000
This heading includes:		
Corporation tax	-	54
Other taxation and social security	<u>347</u>	<u>289</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1993 £'000	1992 £'000
Deferred taxation		
Depreciation in excess of capital allowances	(104)	(104)
Other timing differences	<u>178</u>	<u>143</u>
	<u>74</u>	<u>39</u>

There are no unprovided amounts.

	£'000
Deferred taxation movement in the year	
Balance at 1 January 1993	39
Current year charge	29
Adjustment in respect of prior years	<u>6</u>
Balance at 31 December 1993	<u>74</u>

13. CALLED UP SHARE CAPITAL

	1993 £	1992 £
Ordinary shares of £1 each		
Authorised	<u>6,570,000</u>	<u>3,570,000</u>
Allotted and fully paid		
On 1 January	3,570,000	3,570,000
Issued in year	<u>1,000,000</u>	<u>-</u>
On 31 December	<u>4,570,000</u>	<u>3,570,000</u>

On 22 December 1993 the authorised share capital was increased to £6,570,000. On 23 December 1993, 1,000,000 ordinary shares of £1 each were issued at par to the immediate parent company. The shares were issued to strengthen the balance sheet position of the company.

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£'000
Balance at 1 January 1993	2,075
Loss for the financial year	(1,977)
Share issue	1,000
	<u>1,098</u>

15. ULTIMATE PARENT COMPANY

The ultimate parent company is Sulzer AG, a company incorporated in Switzerland. Sulzer AG prepares group accounts which include the results of the company. Copies of the group accounts are available from Sulzer AG, Winterthur, CH-8401, Switzerland.

The immediate parent company is Sulzer (UK) Holdings Limited, a company incorporated in England and Wales. Sulzer (UK) Holdings Limited prepares group accounts which include the results of the company. Copies of these group accounts are available from Sulzer (UK) Holdings Limited, Westmead, Farnborough, Hampshire GU14 7LP.

16. CAPITAL COMMITMENTS

	1993 £'000	1992 £'000
Authorised but not yet contracted for	<u>16</u>	<u>20</u>

17. OPERATING LEASE COMMITMENTS

At 31 December 1993 the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings £'000	1993 Motor vehicles £'000	Land and buildings £'000	1992 Motor vehicles £'000
Leases which expire:				
Within one year	4	12	4	31
Within 2 to 5 years	12	45	6	33
In more than 5 years	<u>315</u>	<u>-</u>	<u>361</u>	<u>-</u>
	<u>331</u>	<u>57</u>	<u>371</u>	<u>64</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

18. PENSION SCHEME

Employees of the company participate in the Sulzer UK 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 £141,184 (1992 - £74,135) including administration fees. Details of the latest valuation of the scheme, which was at 31 December 1990, are shown in the group accounts of Sulzer (UK) Holdings Limited.

19. CONTINGENT LIABILITY

The company is party to an unlimited guarantee arrangement with other group companies in favour of the group's bankers. The arrangement holds each of the group companies joint and severally liable for indebtedness and liabilities arising to the bank.