

Touche
Ross



Registered Number: 2070305

SULZER INFRA (UK) LIMITED

ANNUAL REPORT AND ACCOUNTS, HILL HOUSE

31 December 1991

16 SEP 1992

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

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SULZER INFRA (UK) LIMITED

NOTICE OF MEETING

Notice is hereby given that the fifth Annual General Meeting of Sulzer Infra (UK) Limited will be held at Westmead, Farnborough, Hampshire, on Friday 12 June 1992 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
29 May 1992

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.

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SULZER INFRA (UK) LIMITED

ANNUAL REPORT AND ACCOUNTS 1991

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SULZER INFRA (UK) LIMITED

DIRECTORS, OFFICIALS AND ADVISERS

DIRECTORS

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

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

DIRECTORS' REPORT

The directors submit their annual report and audited accounts of the company for the year ended 31 December 1991.

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 wider profile adopted by the Sulzer Infra Building Services Group throughout Europe.

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

The extremely difficult trading conditions experienced throughout the industry during 1991 were reflected in the pre tax loss of £1,134,000 which, after taking account of the carry back of tax losses to prior years, was reduced to a post tax loss of £598,000. The first annual loss experienced in the history of the company arose largely as a result of a sharp reduction in workload and the very low margins at which new contracts were obtained during the year.

As a result of the depressed state of the market, order intake during the year was lower at £45m, with reductions being experienced by all branches other than Enfield.

Orders taken in the year included a £5.1m contract for the provision of mechanical services at the Mapping Centre, Feltham; a £3.7m contract for the refurbishment of a machine room within the ground floor complex at IBM Portsmouth; a £2.4m contract for the provision of mechanical services for a new fork lift factory at Basingstoke; a £1.9m contract for the provision of mechanical services at RAF Sealand and a £1.8m contract at Fort George in Scotland.

Contract completions in the year included the provision of mechanical services for a new office block for Lloyds Bank plc, valued at £4.2m, and contracts in the City of London, at Eagle House and Camomile Court, valued at £3.1m and £3.0m respectively. Additional completions outside the London area included the shopping centre redevelopment at Skelmersdale, valued at £3.3m, and the Nursing Home and Daycare centre for the motor trade benevolent fund at Rugby, valued at £2.5m.

The results for 1992 will continue to be affected by the low level of activity and the highly competitive pricing levels being practised within the industry. It has been necessary to carry out actions within the organisation in order to adjust to the lower volumes achieved. To this extent, infrastructure costs, wherever possible, have been reduced, partly by the introduction of a voluntary redundancy scheme and also through a programme for appropriate aged staff to take advantage of an early retirement package.



SULZER INFRA (UK) LIMITED

Although economic recovery is being forecast during late 1992, the directors believe any recovery within the construction industry will be delayed until the latter part of 1993, as a result of the present oversupply of commercial property, particularly in the South East of England.

In order to strengthen the management team and to develop the company's fully integrated multi-service capability, Mr J S Hunt has been appointed technical director and Mr W A Webb appointed as director with particular responsibility for the North of England and Scotland.

The company remains committed to the strategy of developing its service and maintenance activity and, to this extent, has relocated its main service and maintenance office to Enfield and opened a branch office in Manchester.

The directors feel that the actions taken will place the company in a stronger position to take advantage of any upturn in the market.

In line with the Sulzer Infra group worldwide, the company is in the process of adopting the Infra 2000 concept which outlines its philosophy looking forward towards the end of the decade, encapsulating issues such as customer satisfaction, employee involvement, quality, training and the environment.

With Enfield and Birmingham branches having obtained certification to BS 5750 Part 2 standard in the year, all contracting branches have now obtained the required Q A standard. The service and maintenance business is planned to obtain certification during the current year.

In spite of the current depressed state of the market the company continues its total commitment to health and safety at work, the protection of the environment and training.

RESULTS AND DIVIDENDS

The company loss for the year after taxation was £598,000 (1990 - £396,000 profit). No dividend is recommended by the directors and the loss has been transferred from reserves.

DIRECTORS

The directors at the balance sheet date are shown on page 1. All directors served throughout the year with the following exceptions:

Mr J S Hunt was appointed on 26 April 1991

Mr W A Webb was appointed on 20 June 1991

Subsequent to the year end Mr J E Fretwell retired on 31 May 1992.

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 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 11.

SULZER INFRA (UK) 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 £617.

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


K Matt
Director

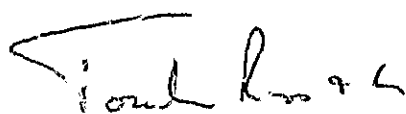
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SULZER INFRA (UK) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the accounts and notes on pages 6 to 13 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 1991 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 Auditor
Hill House
1 Little New Street
London
EC4A 3TR

12 June 1992



SULZER INFRA (UK) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1991

	Note	1991 £000	1990 £000
Turnover	2	52,409	65,298
Change in work in progress		(508)	(20)
Other operating income		<u>22</u>	<u>56</u>
		<u>51,923</u>	<u>65,334</u>
Raw materials and consumables		36,927	49,441
Other external charges		4,694	4,911
Staff costs	3	11,832	11,141
Depreciation		357	411
Other operating charges		<u>274</u>	<u>306</u>
		<u>54,084</u>	<u>66,210</u>
Operating loss	4	(2,161)	(876)
Interest payable and similar charges	5	-	(1)
Interest receivable and similar income	6	<u>1,027</u>	<u>1,524</u>
(Loss)/profit on ordinary activities before taxation		(1,134)	647
Taxation credit/(charge) on (loss)/profit on ordinary activities	7	<u>536</u>	<u>(251)</u>
(Loss)/profit for the financial year		(598)	396
Dividends paid and proposed	8	<u>-</u>	<u>(198)</u>
Retained (loss)/profit for the financial year		(598)	198
Retained profit brought forward		<u>1,216</u>	<u>1,018</u>
Retained profit carried forward		<u>618</u>	<u>1,216</u>

SULZEN INPRA (UK) LIMITED

BALANCE SHEET 31 December 1991

	Note	1991 £000	1990 £000
FIXED ASSETS			
Tangible assets	9	619	869
Investments	10	125	-
CURRENT ASSETS			
Stocks	11	240	715
Debtors	12	13,916	17,025
Cash at bank and in hand		<u>7,358</u>	<u>9,774</u>
		<u>21,514</u>	<u>27,514</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade creditors		14,723	19,781
Amounts owed to group companies	13	779	889
Other creditors including taxation and social security	14	1,121	923
Accruals and deferred income		1,296	1,780
Dividend payable		<u>-</u>	<u>73</u>
		<u>17,919</u>	<u>23,446</u>
NET CURRENT ASSETS		<u>3,595</u>	<u>4,068</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,339	4,937
PROVISIONS FOR LIABILITIES AND CHARGES			
	15	<u>151</u>	<u>151</u>
		<u>4,188</u>	<u>4,786</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,570	3,570
Profit and loss account		<u>618</u>	<u>1,216</u>
		<u>4,188</u>	<u>4,786</u>

These accounts and notes were approved by the Board of Directors on 12 June 1992.

Signed on behalf of the Board of Directors

T M Scott
Managing Director



BILZER INFRA (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1991

1. ACCOUNTING POLICIES

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

a) Accounting convention

The accounts are prepared under the historical cost convention.

b) 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 represent 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	20% per annum
Fixtures, fittings, and equipment	10%-25% per annum
Motor vehicles	25% per annum.

d) Investments

Investments held as fixed assets are stated at cost less a provision for permanent diminution in value.

e) Turnover

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

f) 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.



GULZER INFRA (UK) LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1991

1. ACCOUNTING POLICIES (continued)

g) 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.

h) Leases

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

i) Cash Flow statement

The company has adopted Financial Reporting Statement No. 1 (FRS1) in respect of the year ended 31 December 1991.

The company has taken advantage of an exemption within FRS1 and has not prepared a cash flow statement on the grounds that the company is a wholly owned subsidiary of a parent undertaking which publishes consolidated financial statements in accordance with UK company legislation. The consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group.

	1991 £000	1990 £000
2. TURNOVER		
With third parties	52,209	65,265
Within the group	<u>200</u>	<u>33</u>
	<u>52,409</u>	<u>65,298</u>

3. DIRECTORS AND EMPLOYEES

	£	£
Remuneration of the highest paid director	<u>74,834</u>	<u>51,800</u>

Other directors had remuneration within the indicated ranges:-

Range (Gross)	After Tax (See Note)	No.	No.
£ 0 - £ 5,000	£5,000	2	2
£5,000 - £30,000	£23,400	1	-
£30,001 - £35,000	£26,400	1	-
£40,001 - £45,000	£32,400	-	1
£45,001 - £50,000	£35,400	2	1
£50,001 - £55,000	£38,400	<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.

SULZER INEPA (UK) LIMITED

NOTES TO THE ACCOUNTS
For the year ended 31 December 1991

3. DIRECTORS AND EMPLOYEES (continued)

	1991 £000	1990 £000
Staff costs comprise:		
Wages and salaries	10,708	10,007
Social security costs	875	812
Other pension costs	84	322
Redundancy costs	<u>165</u>	<u>-</u>
	<u>11,832</u>	<u>11,141</u>

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

	No.	No.
Technical and Production	555	579
Administration	<u>38</u>	<u>38</u>

4. OPERATING LOSS

Is after crediting:		
Profit on sale of tangible fixed assets	13	56
and after charging:		
Directors' emoluments	305	209
Auditors' remuneration	32	32
Operating lease rentals	194	155
.. hire of plant and machinery	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

Other interest

	£000	£000
	<u>-</u>	<u>1</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

Income from bank deposits

	£000	£000
	<u>1,027</u>	<u>1,524</u>

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

The taxation (credit)/charge for the year is as follows:

United Kingdom corporation tax (credit)/charge at 33.25% (1990 - 34.25%)	(491)	6
Group relief payable	<u>(45)</u>	<u>271</u>
Adjustment to prior year tax provision	<u>(536)</u>	<u>(26)</u>
		<u>251</u>

The tax recovery is disproportionate due to the incidence of timing differences in the tax computation for which no provision has been made in the accounts.

SULZER INERA (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1991

8. DIVIDENDS PAID AND PROPOSED

	1991		1990	
	Per Share	£000	Per Share	£000
Paid	-	-	3.50p	125
Proposed final dividend	-	-	2.04p	73
	-	-	5.54p	198

9. TANGIBLE FIXED ASSETS

	Plant and machinery £000	Fixtures, fittings, and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 1991	108	844	1,191	2,143
Additions	7	44	89	140
Disposals	-	-	(116)	(116)
At 31 December 1991	115	888	1,164	2,167
Depreciation				
At 1 January 1991	(88)	(571)	(615)	(1,274)
Charge for the year	(13)	(71)	(273)	(357)
Disposals	-	-	83	83
At 31 December 1991	(101)	(642)	(805)	(1,548)
Net book value				
At 31 December 1991	14	246	359	619
Net book value				
At 31 December 1990	20	273	576	869

10. INVESTMENTS

Investments comprise loans to the parent undertaking.	£000
Balance at 1 January 1991	-
Loans made during the year	125
Balance at 31 December 1991	125

11. STOCKS

	1991 £000	1990 £000
Raw materials	60	87
Work in progress	180	628
	240	715

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



SULZER INFRA (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1991

12. DEBTORS

	1991 £000	1990 £000
Trade debtors	9,920	13,300
Amounts recoverable on contracts	2,638	3,103
Amounts owed by fellow subsidiaries	65	111
Other debtors	501	161
Pension fund prepayment	507	113
Other prepayments and accrued income	<u>285</u>	<u>237</u>
	<u>13,916</u>	<u>17,025</u>

The pension fund prepayment is recoverable after more than one year.

13. AMOUNTS OWED TO GROUP COMPANIES

	£000	£000
Owed to ultimate parent company	566	413
Owed to fellow subsidiaries	<u>213</u>	<u>476</u>
	<u>779</u>	<u>889</u>

14. OTHER CREDITORS INCLUDING TAXATION
AND SOCIAL SECURITY

	£000	£000
This heading includes:		
Corporation tax	-	6
Other taxation and social security	<u>558</u>	<u>585</u>

15. 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.

16. CALLED UP SHARE CAPITAL

	£	£
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	<u>3,570,000</u>	<u>3,570,000</u>



SULZER INFRA (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 1991

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Gebrüder Sulzer AG, a company incorporated in Switzerland. Gebrüder Sulzer AG prepares group accounts which include the results of the company. Copies of the group financial statements are available from Gebrüder 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 financial statements are available from Sulzer (UK) Holdings Limited, Westmead, Farnborough, Hampshire GU14 7LP.

18. CAPITAL COMMITMENTS

	1991 £000	1990 £000
Authorised but not yet contracted for	<u>55</u>	<u>56</u>

19. OPERATING LEASE COMMITMENTS

At 31 December 1991 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	42
Within 2 to 5 years	<u>95</u>
	<u>137</u>

20. 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 £83,648 including administration fees (1990-£322,603). Details of the latest valuation of the scheme, which was at 31 December 1990 and gave rise to a change in the pension cost, are shown in the group accounts of Sulzer (UK) Holdings Limited.