

**Touche  
Ross**

Deloitte Touche  
Tobmatsu  
International



Company Registration No. 2070305

**SULZER INFRA (UK) LIMITED**

**Annual Report and Accounts**

**31 December 1994**

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



**NOTICE OF MEETING**

Notice is hereby given that the eighth Annual General Meeting of Sulzer Infra (UK) Limited will be held at Westmead, Farnborough, Hampshire on 30 March at 9.30 am 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  
GU14 7LP

By order of the Board  
J Y McLaughlan  
8 March 1995

**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 1994**

**CONTENTS**

**Page**

<b>Directors, officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

**ANNUAL REPORT AND ACCOUNTS 1994**

**DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D R Clark  
J S Hunt  
K A Matt  
T M Scott (Managing Director)  
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

**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 1994.

### **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 £23,755,000 and the company incurred a pre-tax loss.

The shareholders showed their continued support of the company by a £1 million cash contribution during the year. Details of this are given in note 14 to the accounts.

### **DIVIDENDS AND TRANSFERS FROM RESERVES**

The loss after taxation for the year amounted to £1,978,000 (1993 - £1,977,000). 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. Dr V Beglinger and Mr P J Strangeway who were directors at the start of the year resigned from their positions on 30 August 1994 and 30 September 1994 respectively. All other 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.

The company aims to increase the 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 A Matt

Director

30 March 1995

**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 A Matt

Director

30 March 1995



## 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 1994 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

30 March 1995

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 1994**

	Note	1994 £'000	1993 £'000
<b>TURNOVER</b>	2	23,755	33,993
Increase in work in progress		284	27
Other operating income		52	34
		<u>24,091</u>	<u>34,054</u>
Raw materials and consumables		16,156	25,538
Other external charges		3,687	3,552
Staff costs	3	6,793	7,758
Depreciation		180	239
Other operating charges		184	187
		<u>27,000</u>	<u>37,274</u>
<b>OPERATING LOSS</b>	4	(2,909)	(3,220)
Interest receivable and similar income	5	95	227
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,814)	(2,993)
Taxation credit on loss on ordinary activities	6	836	1,016
<b>Retained loss for the financial year</b>	14	<u>(1,978)</u>	<u>(1,977)</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 1994

	Note	1994 £'000	1993 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	335	274
<b>CURRENT ASSETS</b>			
Stocks	8	405	124
Debtors			
- due in more than one year	9	1,717	1,434
- due in less than one year	9	6,292	7,654
Cash at bank and in hand		1,559	4,207
		<u>9,973</u>	<u>13,419</u>
<b>CREDITORS: amounts falling due within one year</b>			
Payments received on account		1,560	1,366
Trade creditors		6,032	8,606
Amounts owed to group companies	10	170	597
Other creditors including taxation and social security	11	315	539
Accruals and deferred income		2,111	1,413
		<u>10,188</u>	<u>12,521</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(215)</u>	<u>898</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		120	1,172
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	-	74
		<u>120</u>	<u>1,098</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	4,570	4,570
Profit and loss account		(4,450)	(3,472)
	14	<u>120</u>	<u>1,098</u>

These accounts and notes were approved by the Board of Directors on 30 March 1995.

Signed on behalf of the Board of Directors

T M Scott

Managing Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994****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 1994**

**2. TURNOVER**

	1994 £'000	1993 £'000
With third parties	23,751	33,987
Within the group	4	6
	<u>23,755</u>	<u>33,993</u>

**3. DIRECTORS AND EMPLOYEES**

	1994 £	1993 £
Remuneration of highest paid director	<u>93,427</u>	<u>91,500</u>

Other directors had remuneration within the indicated ranges:

Range	1994 No.	1993 No.
£ 0 - £ 5,000	2	2
£45,001 - £50,000	-	1
£50,001 - £55,000	2	1
£55,001 - £60,000	1	1
£60,001 - £65,000	<u>1</u>	<u>1</u>

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

	1994 £'000	1993 £'000
<b>Staff costs comprise:</b>		
Wages and salaries	5,997	6,739
Social security costs	533	609
Other pension costs	263	141
Exceptional redundancy costs	-	269
	<u>6,793</u>	<u>7,758</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**3. DIRECTORS AND EMPLOYEES (continued)**

	1994 No.	1993 No.
The average number of employees each week during the year was:		
Technical and production	223	258
Administration	85	85
	<u>308</u>	<u>343</u>

**4. OPERATING LOSS**

	1994 £'000	1993 £'000
Is after (crediting)/charging:		
Restructuring costs	660	113
Profit on sale of tangible fixed assets	(52)	(34)
Directors' emoluments		
- Fees	-	-
- Other emoluments	348	334
Auditors' remuneration		
- for audit	25	25
- for other services	5	5
Operating lease rentals		
- hire of plant and machinery	111	118
- other operating leases	418	416
	<u>418</u>	<u>416</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1994 £'000	1993 £'000
Income from bank deposits	95	227
	<u>95</u>	<u>227</u>



**NOTES TO THE ACCOUNTS**  
Year ended 31 December 1994

**6. TAXATION CREDIT ON LOSS ON ORDINARY ACTIVITIES**

	1994 £'000	1993 £'000
<b>The taxation credit for the year is as follows:</b>		
United Kingdom corporation tax credit at 33% (1993 - 33%)	762	1,010
Deferred tax credit/(charge)	73	(29)
	<u>835</u>	<u>981</u>
Adjustment in respect of prior years		
Corporation tax	-	41
Deferred tax	1	(6)
	<u>836</u>	<u>1,016</u>

**7. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 1994	135	753	910	1,798
Additions	7	25	217	249
Disposals	-	(1)	(251)	(252)
	<u>142</u>	<u>777</u>	<u>876</u>	<u>1,795</u>
At 31 December 1994				
Depreciation				
At 1 January 1994	(118)	(600)	(806)	(1,524)
Charge for the year	(8)	(64)	(108)	(180)
Disposals	-	1	243	244
	<u>(126)</u>	<u>(663)</u>	<u>(671)</u>	<u>(1,460)</u>
At 31 December 1994				
Net book value				
At 31 December 1994	<u>16</u>	<u>114</u>	<u>205</u>	<u>335</u>
At 31 December 1993	<u>17</u>	<u>153</u>	<u>104</u>	<u>274</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**8. STOCKS**

	1994 £'000	1993 £'000
Raw materials	6	9
Work in progress	399	115
	<u>405</u>	<u>124</u>

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

**9. DEBTORS**

	1994 £'000	1993 £'000
<b>Due in more than one year</b>		
Amounts owed by immediate parent company	535	375
Pension fund prepayment	1,182	1,059
	<u>1,717</u>	<u>1,434</u>
<b>Due in less than one year</b>		
Trade debtors	4,693	5,271
Amounts recoverable on contracts	570	1,126
Amount owed by immediate parent company	3	-
Other debtors	804	1,017
Other prepayments and accrued income	222	240
	<u>6,292</u>	<u>7,654</u>

**10. AMOUNTS OWED TO GROUP COMPANIES**

	1994 £'000	1993 £'000
Owed to ultimate parent company	97	108
Owed to immediate parent company	-	393
Owed to fellow subsidiaries	73	96
	<u>170</u>	<u>597</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

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

	1994 £'000	1993 £'000
<b>This heading includes:</b>		
Taxation and social security	202	347
	<u>          </u>	<u>          </u>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	1994 £'000	1993 £'000
<b>Deferred taxation</b>		
Depreciation in excess of capital allowances	(83)	(104)
Other timing differences	83	178
	<u>          </u>	<u>          </u>
	-	74
	<u>          </u>	<u>          </u>

There are no unprovided amounts.

Deferred taxation movement in the year

	£'000
Balance at 1 January 1994	74
Current year credit	(73)
Adjustment in respect of prior years	(1)
	<u>          </u>
Balance at 31 December 1994	-
	<u>          </u>

**13. CALLED UP SHARE CAPITAL**

	1994 £	1993 £
<b>Ordinary shares of £1 each:</b>		
Authorised	6,570,000	6,570,000
	<u>          </u>	<u>          </u>
<b>Allotted and fully paid:</b>		
On 1 January	4,570,000	3,570,000
Issued in year	-	1,000,000
	<u>          </u>	<u>          </u>
On 31 December	4,570,000	4,570,000
	<u>          </u>	<u>          </u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

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

	Profit and loss account £'000	Called up share capital £'000	Total share- holders' funds £'000
Balance at 1 January 1994	(3,472)	4,570	1,098
Loss for the financial year	(1,978)	-	(1,978)
Contribution from parent company	1,000	-	1,000
	<u>(4,450)</u>	<u>4,570</u>	<u>120</u>

In December 1994, the company received a £1 million contribution from its immediate parent company. The contribution is non-refundable and has been provided to strengthen the balance sheet position of the company.

**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**

	1994 £'000	1993 £'000
Authorised but not yet contracted for	<u>28</u>	<u>16</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**17. OPERATING LEASE COMMITMENTS**

At 31 December 1994 the company was committed to making the following payments during the next year in respect of operating leases.

	1994		1993	
	Land and buildings £'000	Motor vehicles £'000	Land and buildings £'000	Motor vehicles £'000
<b>Leases which expire:</b>				
Within one year	4	-	4	12
Within 2 to 5 years	26	126	12	45
In more than 5 years	356	-	355	-
	<u>386</u>	<u>126</u>	<u>371</u>	<u>57</u>

**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 £262,972 (1993 - £141,184) 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 jointly and severally liable for indebtedness and liabilities arising to the bank.