CAPPER PIPE SERVICES LIMITED
REGISTERED NUMBER: 1794610

FORMERLY CAPPER PIPE SERVICE
COMPANY (PBW) LIMITED

DIRECTORS' REPORT AND
ACCOUNTS FOR THE 15 MONTHS ENDED
31ST MARCH, 1991

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CAPPER PIPE SERVICES LIMITED REGISTERED NUMBER: 1794610

DIRECTORS' REPORT

for the 15 months ended 31st March, 1991

The Directors submit their report to the members, together with the audited accounts for the 15 months ended 31st March, 1991.

Results and dividends

The profit for the financial period amounted to £49,241.

The Directors recommend the payment of a dividend amounting to £361,000 leaving the sum of £311,759 which has been deducted from reserves.

Change of name

On 1st October, 1990 the Company changed its name to Capper Pipe Services Limited.

Review of the business

On 13th March, 1990 the entire issued share capital of the Company was acquired by Norwest Holst Limited.

The principal activity of the Company is pipework services. No major change in the present activity is anticipated in the foreseeable future.

Fixed assets

The changes in fixed assets during the period are summarised in the notes to the accounts.

Directors and their interests

The Directors during the period were:

G. Blackwell	
G. Burney	
C. M. Mogg	- appointed 13th March, 1990
H. E. Ombler	- appointed 25th February, 1991
J. Parker	
R. M. Powell	- appointed 6th September, 1990
P. Waine	- resigned 13th March, 1990
J. A. T. Woods	- appointed 10th January, 1991

C. M. Mogg resigned on 30th April, 1991. G. Burney resigned on 24th May, 1991 and J. Parker resigned on 17th July, 1991.

The interests of C. M. Mogg in the shares of Group undertakings are disclosed in the accounts of a holding company.

The Directors had the following interests in the shares of the Company:-

	Ordinary shares of 10p each	
	31st March, 1991 No.	31st December, 1989 No.
G. Blackwell	-	333,340
J. Parker	-	333,340
G. Burney	-	-

None of the other directors had any interests in the shares of the Company or other Group undertakings at either their date of appointment or 31st March, 1991.

Employees

In a rapidly changing, fiercely competitive environment the Norwest Holst Holdings Limited Group of Companies depends entirely on employees, managers and directors to run, control and expand the constituent businesses. With the changing shape and growth of the Group there remains an unprecedented emphasis on the need to utilise human resources to best effect and on the need to draw out people's commitment. The Directors therefore recognise that the involvement, development and health and safety of all employees are of paramount importance to the Group's future success.

Communication and involvement

The organisation structure of the Group has been modified within the last year to foster a philosophy of "co-ordinated autonomy". This is designed to increase local accountability and decision-making. There are, however, further specific measures designed to provide for employee involvement, development and safety.

There are various areas in which information is communicated about the Group's and the Company's progress and achievements. Consultative arrangements exist to ensure that employees' views are represented.

"Norwest Holst Review" is produced twice yearly for clients, but also to update employees on acquisitions, prestigious projects, new business etc. about which they may ordinarily be unaware within the context of their local company.

"Link Up", the Group's internal informal periodical magazine has recently been re-launched. It is now written and produced professionally with the aim of providing employees with both commercial and human interest stories within the Group.

Employee representatives are elected onto the Group's Staff Pension Scheme Board of Trustees both to enable employee views to be made known and as a conduit of information on pensions issues. Employee representatives also take a role in decisions concerning benefits, rule changes and fund management. Individual benefit statements are issued to staff employees annually as well as a report, statement of accounts and fund valuation issued by the Trustees. The Group has also recently issued a non-technical leaflet highlighting the benefits of the pension scheme to all staff employees.

Health and safety

Health and safety issues figure prominently at Board level to ensure as far as possible the prevention of risks to health or accidents to employees, contractors, sub-contractors, members of the public or any other persons who may come into contact with the Group's activities. Health and safety consultative committees operate at all levels and an annual report is produced highlighting trends and statistics in this vital area. During the last year the Group Health and Safety Department recruited a full time Safety Training Officer whose role is to ensure that health and safety training is systematically undertaken and that statutory obligations are met. Arrangements have also been put in place to comply with the 1989 COSHH regulations. The Group is proud of, but not complacent about, its safety record.

Training and development

Education, training and development continues throughout the employee's working life. The individual is principally responsible for career and development progression but it is the responsibility of the Company to ensure that there are training and development opportunities available to enable this to take place. The Company and the Group benefit by having employees of the right calibre and skills to demonstrate professionalism in all their activities and by enabling internal promotion and development to take place, rather than sustaining high turnover and external recruitment.

The single most important development within the past year aimed at increasing employee involvement in the business and aligning personal career objectives with those of the Group, has been the introduction of an interactive appraisal scheme. This is designed to give feedback on performance, agree objectives for the future, discuss development and training needs and also to enable the Company and the Group to identify and develop the high potential key players of the future.

Equal opportunities

It is the Group's policy and express practice that entry to it and progress within it will be judged entirely on the merit of the individuals and their ability to perform effectively the tasks required of them. Discrimination on the grounds of sex, race or disability is forbidden.

Equal access is given by the Group to disabled persons in the opportunities for recruitment, training and career development, bearing in mind the nature of the business and the aptitude and ability of each applicant. Wherever possible continuity of employment is provided for employees who have become disabled during the course of their employment, including appropriate training and retraining if necessary.

Auditors

A resolution to reappoint Price Waterhouse as auditors will be put to the members at the Annual General Meeting.

By order of the Board

R. M. Powell
Director

29th July, 1991

CAPPER PIPE SERVICES LIMITED REGISTERED NUMBER: 1794610

PROFIT AND LOSS ACCOUNT

for the 15 months ended 31st March, 1991

	Notes	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Turnover	1	26,544,055	16,127,956
Cost of sales		22,669,657	13,575,485
Gross profit		3,874,398	2,552,471
Distribution costs		253,417	119,923
Administrative expenses		3,319,248	1,846,942
		301,733	585,606
Other operating income	2	163,339	38,698
Operating profit	3	465,072	624,304
Net interest payable	5	(490,831)	(376,385)
(Loss)/profit on ordinary activities before taxation		(25,759)	247,919
Tax on (loss)/profit on ordinary activities	6	(75,000)	40,000
Profit on ordinary activities after taxation		49,241	207,919
Dividends paid and proposed		(361,000)	-
(Deducted from)/added to reserves	16	(311,759)	207,919

CAPPER PIPE SERVICES LIMITED

REGISTERED NUMBER: 2794610

BALANCE SHEET

at 31st March, 1991

	Notes	£	1991 £	£	31st December, 1989 £
Fixed assets					
Tangible assets	7		460,139		1,317,423
Current assets					
Stocks	9	48,091		40,235	
Debtors	10	6,534,030		4,089,806	
Cash at bank and in hand	18	573,631		53,714	
		7,155,752		4,183,755	
Creditors: amounts falling due within one year	11	6,561,494		3,991,075	
Net current assets			594,258		192,680
Total assets less current liabilities			1,054,397		1,510,103
Creditors: amounts falling due beyond one year	12		37,800		603,784
Provisions for liabilities and charges	13		-		20,000
Capital and reserves					
Called up share capital	15		500,000		100,002
Revaluation reserve	16		49,255		478,008
Profit and loss account	16		467,342		308,309
			1,054,397		1,510,103

R. M. Powell
Director

Approved by the Directors on 29th July, 1991

CAPPER PIPE SERVICES LIMITED REGISTERED NUMBER: 1794610

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the 15 months ended 31st March, 1991

	15 months ended 31st March, 1991		Year ended 31st December, 1989	
	£	£	£	£
Sources:				
(Loss)/profit on ordinary activities before taxation		(25,759)		247,919
Adjustment for non cash items:				
Depreciation	149,616		149,446	
Profit on sale of tangible assets	(23,549)		(38,699)	
		126,067		110,747
Funds generated by operations		100,308		358,666
Other sources of funds:				
Proceeds of sale of tangible assets	47,397		351,156	
Group transfer of tangible assets	810,887		-	
Issue of ordinary shares	399,998		-	
		1,258,282		351,156
		1,358,590		709,822
Applications:				
Taxation paid	40,053		572	
Dividend paid	150,000		-	
Additions to tangible assets	85,028		141,876	
Creditors greater than one year	565,984		283,254	
		(841,065)		(425,702)
		517,525		284,120
Working capital (increase)/decrease:				
Stocks	(7,856)		(22,390)	
Debtors	(2,389,224)		2,071,230	
Creditors	2,511,696		(1,563,265)	
		114,616		495,575
		632,141		779,695
Increase in net liquid funds:				
Bank loans and overdrafts		112,224		728,784
Cash and bank balances		519,917		50,911
		632,141		779,695

ACCOUNTING POLICIES

The accounting policies adopted by the Company, which are set out below, are consistent with those of the previous period. The accounts are prepared under the historical cost convention as modified by the revaluation of properties and comply with U.K. Statements of Standard Accounting Practice.

Turnover

Turnover represents sales and the value of work carried out.

Tangible assets

Tangible assets are stated at cost and are written off on a straight line basis at rates calculated to reduce the book amounts of the assets to estimated residual values over their anticipated useful lives which are normally as follows:

Plant and machinery	from two to five years
Motor vehicles	from three to five years
Fixtures and fittings	from three to ten years

Contracts

Amounts recoverable on contracts, which are of both a long term and a short term nature are included in debtors and are stated at amounts based on contract prices (including profit) less provisions for anticipated losses and payments on account. Contract payments on account which exceed amounts recoverable are included in creditors.

Amounts recoverable normally include claims and variations only when there is a firm agreement with the client, but when assessing anticipated losses on major contracts, a prudent and reasonable estimate of claims and variations is taken into account.

Stocks and work in progress

Stocks (including tools, spares and materials) and work in progress are stated at the lower of cost and estimated net realisable value.

Operating leases

Rentals payable under operating leases are charged to profit and loss account, as incurred, over the lease term.

Pensions

Most monthly paid employees are eligible for pension and related benefits the costs of which are calculated in accordance with actuarial advice and are paid into a defined benefit scheme operated throughout the whole Norwest Holst Group. These costs are charged to profit and loss account on a systematic and rational basis over the anticipated service life of the employees concerned.

Deferred taxation

Provision is made for deferred taxation in respect of timing differences, including accelerated capital allowances, where, in the opinion of the Directors, it is reasonable to assume that the timing differences will reverse and give rise to a taxation liability in the foreseeable future.

NOTES TO THE ACCOUNTS

1. Turnover

The principal activity of the Company is pipework services. The Directors consider that the activities of the Company constitute a single class of business. All of the turnover arose in the United Kingdom.

2. Other operating income

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
This comprises:		
Profit on sale of tangible assets	23,549	38,698
Regional development grant	139,790	-
	163,339	38,698

3. Operating profit

This is stated after charging:

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
(i) Operating leases - plant and machinery	2,148,053	859,381
Operating leases - other	205,386	94,599
Depreciation	149,616	149,446
Auditors' remuneration	21,810	12,500

(ii) Directors' remuneration:

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Compensation for loss of office	26,500	-
Emoluments for managerial services	264,904	210,726
	291,404	210,726
Chairman - to 6th September, 1990	37,141	70,156
- from 6th September, 1990	-	-
Highest paid Director	137,574	70,156

Other Directors' emoluments, excluding pension contributions, fell within the following ranges:

	15 months ended 31st March, 1991 No.	Year ended 31st December, 1989 No.
£0 - £5,000	4	-
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	1	1
£45,001 - £50,000	-	1

4. Employees

(i) Staff costs

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Wages and salaries	12,338,212	7,692,571
Social security costs	1,243,013	744,085
Other pension costs	59,633	39,867
	13,640,858	8,476,523

The average weekly number of employees during the period was 596 (1990 - 507) all of whom were engaged in pipework services.

(ii) Pensions

The Company is a subsidiary of the Norwest Holst Holdings Limited Group and pension contributions are based on factors applying across the Group as a whole.

Most pension and related benefits for monthly paid staff of the Group are provided through the Norwest Holst Group Staff Pension Scheme, an externally managed and funded defined benefit scheme based on final remuneration levels. Members of the Scheme are contracted out of the State Earnings Related Pension Scheme

An independent professional actuarial valuation of the Scheme was carried out as at 30th September, 1989 details of which are included in the accounts of Norwest Holst Holdings Limited. In accordance with Group policy, subsidiary undertakings continue to bear the relevant cost in respect of employer's contributions but the effects of any actuarial surplus or deficit is dealt with in the accounts of a holding company. The Company contribution rate required from 1st April, 1991 is 12% of pensionable salaries.

The next actuarial valuation of the Scheme will be carried out at 30th September, 1992.

5. Net interest payable

		15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Receivable - bank		1,457	-
- other		33,665	2,203
		35,122	2,203
Payable			
- medium and short term - bank		(212,355)	(123,439)
	- per banking facility (Note 18)	(48,151)	-
	- hire purchase	(21,714)	(30,141)
	- other	(243,733)	(213,089)
- long term	- bank	-	(11,919)
		(490,831)	(376,385)

6. Tax on (loss)/profit on ordinary activities

The taxation (credit)/charge for the period comprised:

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
United Kingdom corporation tax (credit)/ charge at 34% (1990 - 35%)	(55,000)	20,000
(Release of)/charge for deferred taxation	(20,000)	20,000
	(75,000)	40,000

If full provision had been made for deferred taxation, the (credit)/charge would have been:

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Accelerated capital allowances	(44,000)	4,040
Other timing differences	-	39,960
	(44,000)	44,000

7. Tangible assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation:						
At 31st December, 1989	672,961	131,493	307,974	346,274	213,651	1,672,353
Additions	-	-	22,170	-	62,858	85,028
Revaluations	42,039	-	-	-	-	42,039
Transfers to group undertakings	(715,000)	-	-	(279,974)	-	(994,974)
Disposals	-	-	(11,500)	(66,300)	-	(77,800)
At 31st March, 1991	-	131,493	318,644	-	276,509	726,646
Depreciation:						
At 31st March, 1989	-	-	112,670	188,960	53,300	354,930
Provided	-	6,386	33,318	43,830	66,082	149,616
Transfers to group undertakings	-	-	-	(184,087)	-	(184,087)
Disposals	-	-	(5,249)	(48,703)	-	(53,952)
At 31st March, 1991	-	6,386	140,739	-	119,382	266,507
Net book amount:						
At 31st March, 1991	-	125,107	177,905	-	157,127	460,139
At 31st December, 1989	672,961	131,493	195,304	157,314	160,351	1,317,423

The cost, aggregate depreciation and depreciation charge in respect of tangible assets which are the subject of hire purchase arrangements amounted to:

	31st March, 1991 £	31st December, 1989 £
Cost	112,524	354,078
Aggregate depreciation	39,544	97,349
Depreciation charge	24,909	55,464

8. Investments

The Company owns 100% of the ordinary share capital of Yeargrey Limited which is incorporated in the United kingdom and registered in England and is dormant. The cost of investment has been fully written down in previous years.

During the 15 month period the Company disposed of its 100% holding in Multiguide Limited.

9. Stocks

	31st March, 1991 £	31st December, 1989 £
Materials and consumables	48,091	40,235

10. Debtors

	31st March, 1991 £	31st December, 1989 £
Trade debtors	3,786,224	3,142,727
Amounts recoverable on contracts	2,351,774	815,753
Other debtors	161,465	77,855
Prepayments and accrued income	78,412	53,471
Due from group undertakings	45,111	-
Taxation recoverable	111,044	-
	6,534,030	4,089,806

Taxation recoverable includes amounts of £50,000 (31st December, 1989 - £Nil) receivable not earlier than 1st April, 1992.

Amounts recoverable on contracts include profit on both long term and short term contracts. The practice of including profit on short term contracts is consistent with that of previous years and, in the opinion of the Directors, because of the materiality of the contracts to the activity of the Company, is required to enable the accounts to give a true and fair view.

11. Creditors: amounts falling due within one year

	31st March, 1991 £	31st December, 1989 £
Bank loans and overdrafts	-	112,224
Payments received on account	-	209,581
Trade creditors	2,610,313	1,525,481
Amounts owed to group undertakings	2,065,561	-
Other creditors	161,529	808,524
Taxation and social security	967,906	1,188,475
Accruals and deferred income	756,185	146,790
	6,561,494	3,991,075

12. Creditors: amounts falling due beyond one year

	31st March, 1991 £	31st December, 1989 £
Bank loans and overdrafts	-	531,326
Other creditors	37,800	72,458
	37,800	603,784

13. Provisions for liabilities and charges

	31st March, 1991 £	31st December, 1989 £
Deferred taxation	-	20,000

14. Deferred taxation

The potential amount of deferred taxation calculated under the liability method at 33% (1990 - 35%) is as follows:

	15 months ended 31st March, 1991 £	Year ended 31st December, 1989 £
Accelerated capital allowances	-	44,000
Other timing differences	-	-
	-	44,000

15. Share capital

	31st March, 1991 No.	31st December 1989 No.	31st March 1991 £	31st December 1989 £
Ordinary shares of 10p each				
Authorised	10,000,000	10,000,000	1,000,000	1,000,000
Allotted and fully paid	5,000,000	1,000,020	500,000	100,002

On 9th January, 1991, 3,999,980 10p ordinary shares were allotted at par for cash.

16. Reserves

	Revaluation reserve £	Profit and loss account £
At 31st December, 1989	478,008	308,309
Amount deducted from reserves	-	(311,759)
Revaluation surplus	42,039	-
Revaluation realised	(470,792)	470,792
At 31st March, 1991	49,255	467,342

17. Capital commitments

At 31st March, 1991 capital expenditure authorised by the Board but not included in these accounts amounted to £200,000 (1989 - £Nil) of which no contracts had been placed.

18. Banking facilities

Secured loan stock issued by Norwest Holst Holdings Limited, the holding company, amounting to £7,920,000 (1990 - £7,920,000) and joint banking facilities available to the Company, the holding company and certain fellow subsidiaries are secured by guarantee, debenture, set-off and charges over certain properties owned by these companies. The respective shares of the joint bank balances forming the facilities are as follows:-

	1991 £000
Company - in hand	574
Holding company and its subsidiaries - (overdrawn)	(37,074)
Net balances (overdrawn)	(36,500)

19. Operating leases

The Company has agreed to make payments, in the year ending 31st March, 1992, under operating leases expiring within the following periods of 31st March:

		1991 £	31st December, 1989 £
Land and buildings	- between 2 and 5 years	16,500	16,500
Other assets	- within 1 year	86,541	84,788
	- between 2 and 5 years	72,700	1,200

20. Ultimate holding company

At 31st March, 1991 the ultimate holding company was Compagnie Générale des Eaux, a company incorporated in France. The parent undertaking of the smallest group of which the Company is a member and for which group accounts are prepared is Norwest Holst Holdings Limited which is registered in England. Copies of the above accounts may be obtained from the Company Secretary, Norwest Holst Holdings Limited, Toft Hall, Knutsford, Cheshire, WA16 9PD.

21. Contingent liabilities

The company had contingent liabilities amounting to £440,157 (1989 - £27,226) in respect of terminable indemnities granted in the normal course of trade.

AUDITORS' REPORT

TO THE MEMBERS OF CAPPER PIPE SERVICES LIMITED
FORMERLY CAPPER PIPE SERVICE COMPANY (PBW) LIMITED
REGISTERED NUMBER: 1794610

We have audited the accounts on pages 4 to 15 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the Company's affairs at 31st March, 1991 and of its profit and source and application of funds for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants

Silkhouse Court,
Tithebarn Street,
Liverpool, L2 2LJ.

29th July, 1991