Registration number: 00566823

Sir Robert McAlpine Limited

Annual Report and Financial Statements

for the Year Ended 31 October 2019

Sir Robert McAlpine Limited

Contents

Sir Robert McAlpine Limited

Company Information

Directors	R Edward T W McAlpine
	Hector G McAlpine
	Karen J Brookes
	Paul C Hamer
	J L More BA, FCA
	Alison L Cox C.Eng, FICE
Company secretary	Kevin J Pearson BSc., ACA
	John A Dempsey BA, ACMA, CGMA
Registered office	Eaton Court Maylands Avenue Hemel Hempstead Hertfordshire HP2 7TR United Kingdom
Auditors	Deloitte LLP Statutory Auditor London, United Kingdom

Strategic Report for the Year Ended 31 October 2019

The Directors present their strategic report for the year ended 31 October 2019.

Principal activity
Sir Robert McAlpine Limited is a family owned leading building and civil engineering construction company, operating primarily within the United Kingdom.

2019 our 150th Anniversary year

The company celebrated its 150th anniversary during the financial year 2018/19. Our longevity reflects an ability to understand the needs of clients and wider society, innovating and adapting in response to a changing world. It also speaks to our family culture, our entrepreneurial spirit and the enduring values that run through our business.

A series of events and activities to mark this milestone helped us to strengthen established relationships and forge valuable new ones as we engaged with our people and their families, our clients, subcontractors, former employees, pensioners and communities.

As well as acting as a platform to showcase the best of Sir Robert McAlpine since our conception in 1869, these events allowed local schools to connect with our business so that pupils were able to learn more about our industry and its huge potential, with the aim of inspiring future generations of construction employees.

We also used our milestone year to give back to local communities through a 150 grassroots project, with funds awarded to charitable projects that mattered to our people. Over the course of 2019 we awarded £150,000 to projects across the UK. A diverse range of beneficiaries included an inclusive theatre company, fitness initiatives for the disabled, scout groups, schools and a local kennels. This work will ensure our 150th celebration will leave a positive legacy far beyond 2019 and is a platform for future social, charitable and community work.

Financial performance

The financial results within this report cover the period from the 1st November 2018 to 31st October 2019.

Sir Robert McAlpine is pleased to share a strong set of results for the financial year 2018/19.

Strategic Direction of the Business

In September 2019, we commenced a strategic review to ensure that Sir Robert McAlpine was focussed and organised to create a robust and sustainable business for the long term. This work continued through the first half of 2020, supplemented by COVID-19 related analysis. The aim of this work was to:

• Place our projects at the centre of our operation
• Better shape our business to meet clients' evolving needs
• Agree the UK sectors where we can add most value
• Review our operating model to ensure it is agile, fit for purpose, lean and supportive of our projects and clients' needs
• Add scalability to all decisions allowing for COVID-19 impact
• Ensure an effective leadership structure to lead in accordance with our commitment to excellence and our company values

Sir Robert McAlpine Limited

Strategic Report for the Year Ended 31 October 2019

Our 2019-2024 strategy continues at pace with a keen focus on:

• Profitable growth against our internal measurement of excellence, across safety, quality, sustainability and on time delivery, known as Build Sure
• Using data and technology to inspire
• Trusted client and supply chain relationships
• Building a stronger and more resilient portfolio of work
• Becoming the best place to work
• Being industry leaders in our chosen sectors

The company's key financial indicators are turnover and profit before tax and these are discussed below.

The financial performance for the year-ended 31st October 2019 has been positive with turnover of £1,009m compared to £788m in the prior year.

In addition, work undertaken on construction management contracts amounted to £376m (2018: £263m). As the company has no contractual arrangement with the supply chain on these projects the amounts are not included in the statutory revenue numbers quoted.

Profit before tax is £14.5m in 2019 compared to £7.4m in 2018.

Construction

Whilst the UK construction market remains highly competitive, the company saw increased profits in the financial year 2018/19.

This is as a result of an increased focus on risk management, tendering procedures and most importantly operational delivery leading to the continued improvement in margins.

We continue to concentrate on delivering enhanced client focus and placing exemplary project delivery at the centre of our operations. Our core 'Build Sure' commitments, of delivering safely, on time, to the highest quality and sustainably, are beginning to generate increased profits.

The company recognises the importance of our supply chain partners and understand that we can only achieve exemplary performance by working in successful collaboration with the many small and large subcontractors that work with us on our projects. We remain totally committed to treating them fairly, rewarding them appropriately and supporting them with fair payment practices.

Our environmental, quality, health and safety management systems ensure we provide a consistent level of compliance across all our operations. The company is continuing to improve its governance processes in line with its commitment to act with the highest possible ethical standards. The company's policies are publicly available on our website and cover a number of topics including Modern Slavery, Sustainability, Environmental, Health & Safety and Inclusion.

Strategic Report for the Year Ended 31 October 2019

We have completed several significant projects over the last year.

In London, we completed Wimbledon No.1 Court, with its feature retractable roof, ahead of schedule and in time for the 2019 Championship. We delivered 135 Bishopsgate, as part of our 10-year framework on the Broadgate Campus, and a brand-new cancer care centre for Maggie's at the Royal Marsden Hospital in Sutton. Our complex work on Elizabeth Tower has been a constant source of media coverage for its respectful approach to an iconic heritage project that converges traditional skills with modern innovations.

In the Central, Wales, and West Region, we completed Phase 2 at Pinewood Studios, and Central Square in Cardiff, one of the largest commercial developments in Europe.

In the Scotland and Northern Region, we delivered the Frederick Douglass Building for Newcastle University, a learning and teaching centre named after the 19th Century social reformer. We also completed another Maggie's cancer care centre at St James's University Hospital in Leeds. North of the border we delivered Edinburgh Park Phase 1, part of a larger development which is to include a five-storey office building with ground floor retail units and a multi-storey car park. Edinburgh Park is a new urban quarter that will become an exciting place to live and work, a cultural destination and creative campus.

In the Southern region, post year end we completed student accomodation blocks for Surrey University and work is ongoing on the Victoria Square town centre development in Woking.

We have won or commenced work on several notable projects since our last Strategic Report, including:

In London, we started on the development of 21 Moorfields, above Moorgate station, while our Special Projects team commenced work on Project Pegasus at the Inner Temple, a major remodelling of one of the UK's four Inns of Courts.

In the Central, Wales and West region, we were appointed main contractor on City Labs 2.0, a state-of-the-art medical facility in Manchester.

In the Scotland and Northern region, we are lead contractor on the Tower Works development, part of the Southbank regeneration in Leeds. We also commenced work on the refurbishment of the food court and the construction of a new leisure and retail facility at St Enoch Centre in Glasgow, which Sir Robert McAlpine originally built.

We continue to grow our market share of the construction management sector providing a strong income stream.

The proportion of our turnover which derives from frameworks also continues to increase as we seek to diversify our work portfolio. This year we were appointed to the PAGABO framework, a £10bn major projects framework and the University of Glasgow Framework covering a range of opportunities across the Garscube and Gilmorehill Campuses as one of five contractors.

Our Civil Engineering business continues to have a clear focus on building long-term collaborative relationships with a focused list of target clients. We continue to work with Highways England as a Delivery Integrated Partner on its regional framework for contracts of up to £100m in the North West, North East and Yorkshire. We are working on the framework in a joint venture with Amey and in the financial year we signed our first contract under the framework, which was for the M6 J19 improvement scheme, worth around £15m. Through our Civil Engineering business we are also working on the UK's HS2 rail project as part of the Align joint venture with Bouygues Travaux Publics and VolkerFitzpatrick.

We continue to move the company away from single stage, fixed price risk and to a more collaborative approach with our clients.

Taxation
The final Sir Robert McAlpine company tax charge for 2019 is £0.1m (2018: £0.7m).

Cash
The company had cash balances of £94m (2018: £73m) at the year end and no debt.

Outlook

The company continues to have a strong net cash balance post this reporting period with strong liquidity management mitigating the trading impact of COVID-19. We remain well placed to exploit opportunities within our chosen sectors, supporting key clients. The company has no debt facilities that are repayable on demand and is not subject to any debt covenants or other restrictions. We will continue to prioritise profitability and liquidity over pure turnover growth. We expect to see a downturn in profitability in the coming year driven in the main via an anticipated revenue loss compared to this reporting period due to the impact of COVID-19 on the UK economy. However, with a secured pipeline of work and a strong net cash balance at the end of September 2020, the business is still in a healthy position to serve clients and support its workforce, partners and supply chain.

Responding to COVID-19

When COVID-19 was declared a global pandemic during the first quarter of 2020 our immediate focus was on securing the safety of our people and the communities in which we work. We acted swiftly to close our sites.

We have worked closely with and contributed to industry bodies throughout the crisis and have at all times abided fully with Government guidance. Operating within the imposed safety guidelines and social distancing was a challenge, but one that was met with the usual problem-solving skills and can-do attitude of our people. This meant that within a few weeks we were able to reopen some sites and begin the journey back to full productivity.

Quick and decisive action putting people's safety first

Our role and actions during COVID-19

- We delivered a surge hospital in Jersey as part of our J3 joint venture.
- We delivered surge hospitals in Manchester, Preston and Bangor as part of the IHP joint venture.
- We provided staff support facilities at Alder Hey and Kettering General Hospital, donated PPE for use by medical staff and community organisations involved in the emergency response, and saw a number of employees seconded to support the NHS.
- Formed a COVID 19 Steering Group who managed the company through the crisis.
- Closed our sites quickly and decisively in close collaboration with our clients and supply chain partners.
- Followed the advice of the Government and the Chief Medical Officer.
- Worked with the Construction Leadership Council industry guidelines, only working where it was safe to do so.
- Furloughed employees to protect our people and the business.
- Established a remobilisation framework to reopen sites safely and return to full productivity.
- Promoted innovation and knowledge sharing to increase productivity.
- Instigated working from home wherever possible.
- Provided our people with additional support such as increased communications and mental health support.

The financial impact of COVID-19

At the beginning of the crisis we closed all our sites and furloughed 52% of employees. Day by day, from March to July we then gradually recommenced work, bringing our people back off furlough as and when it was safe and timely to do so. These cautious and considered actions were imperative to preserve cash flow and ensure appropriate liquidity.

However, regardless of all actions taken, there has been an impact on the financial performance of the business that will influence our profits in 2019/20 . We anticipate revenues to be lower than in this reported financial year. In addition, our operating costs have increased through site closures, lower productivity and from the implementation of new safety processes and procedures which will impact profitability. The cash performance of the business to the end of September 2020 has been strong and even though COVID-19 may impact this position at the 2019/20 year-end the company will still report a strong net-cash position.

COVID-19 creates uncertainty for our sector and the wider economy for the foreseeable future. The business has options it can deploy to increase cash preservation if required.

We are grateful to have a healthy pipeline of work and strong and enduring client relationships. Our focus on vital sectors such as Healthcare, Education and Infrastructure stands us in good stead to weather any ongoing economic storms.

Our ongoing commitment to safety post COVID-19: PEOPLE'S SAFETY FIRST

Safety, as one of our Build Sure pillars, has been and remains a critical focus for Sir Robert McAlpine. Our industry leading Standard Operating Procedurės continue to be reviewed to ensure the safety and wellbeing of our people, projects, clients, and the communities we work in.

How we operate on site has changed significantly to accommodate new guidelines. How we work as a business, and with one another, has changed greatly too.

Our travel footprint has decreased dramatically, with COVID-19 representing an enforced and proven test case for the kind of flexible working we are championing. We anticipate our office footprint will decrease in coming years and that our use of technology as a means of communication across sites, teams and individuals will increase wherever possible.

Principal risks and uncertainties

The approach to identification and management of principal risks is integral to the delivery of our strategic objectives. The risk management approach adopted is not designed to eliminate risk entirely, but provides a means to identify, prioritise and manage risks and opportunities in accordance with the company's risk appetite.

On behalf of the Board, the Risk Committee reviews the company risk register on a quarterly basis, ensuring the relevance of all existing risks and that emerging risks are captured, and appropriate mitigation plans are put in place.

Sir Robert McAlpine Limited

Strategic Report for the Year Ended 31 October 2019

The current principal risks of the company are:

Macroeconomic and geopolitical changes: The uncertainty around the negotiations of a transition agreement post Brexit, its potential impact on labour availability and the risk of increased costs due to currency fluctuations, tariffs and disruption to the supply chain, is a concern for the industry as a whole. We continue to plan and monitor our exposure to these issues on a project by project basis. The company monitors and reviews this and other macroeconomic and geopolitical risks on a regular basis.

COVID-19 and its longer-term impact on the economy and UK Construction industry: We are closely collaborating with our clients, supply chain and various industry bodies to help monitor the economic impact of COVID-19 and are poised to take necessary actions to ensure business stability.

Management of major contracts and bidding risk: The risks that the company is exposed to depend on the size and complexity of the project together with the legal form of contract. The company maintains strong risk-based procedures with particular emphasis on the tendering process and change management. The company has a formal Risk and Investment Committee which reviews and approves all opportunities.

The retention and development of high-quality staff: The availability of skilled resources to match the needs of the industry is vital to the success and effective operation of our company. An active People strategy is being deployed addressing, amongst other things, our employee proposition, engagement, succession planning and inclusion.

Defined Benefit Pension Scheme: The company maintains two defined benefit pension schemes both of which have a deficit for which robust recovery plans are in place - see note 21 The company closed the larger of the two schemes to new entrants and future accrual in the latter part of 2017.

Health and Safety: The company is involved in activities that have the potential to result in personal or environmental harm, operational loss, regulatory, legal or financial penalties and/or reputational loss. The company has a primary focus on health and safety and continues to invest in the functional leadership, management policies and procedures.

Competitive Environment: The sector in which the company operates is highly competitive and operates on low margins. Failure to compete effectively and evolve to client needs increases the risk of losing market share and the future viability of the company. The Board continually monitors the sectors in which the company operates, pursuing opportunities in which competitive advantages exist. In addition, our key account client focus ensures we adapt in an agile manner to their needs.

Robust and secure systems environment where data is protected: There is a risk that the loss of key systems or data through a lack of resilience could have a material impact on the operations of the company. The company has robust security protocols embedded in its current IT environment which are periodically stress-tested internally and by third parties.

Approved by the Board on 16/10/20 and signed on its behalf by:

....
Paul C Hamer
Director

Sir Robert McAlpine Limited

Directors' Report for the Year Ended 31 October 2019

The Directors present their report and the financial statements for the year ended 31 October 2019.

Directors of the Company
The directors who held office during the year were as follows:

Gavin M McAlpine BA, MSc (resigned 31 December 2018)

R Edward T W McAlpine

Hector G McAlpine

Karen J Brookes

Paul C Hamer

Boyd A McFee BSc., C.Eng., MICE, FCIOB (resigned 31 December 2019)

Martin C Pitt FRICS LLB (resigned 18 March 2019)

J L More BA, FCA

The following director was appointed after the year end:

Alison L Cox C.Eng, FICE (appointed 1 January 2020)

Dividends
No interim dividends were paid during the year (2018: £nil). The Directors do not recommend payment of a final dividend.

Financial instruments

Objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives to manage these risks is governed by the Company's policies approved by the board of Directors. The Company does not use derivative financial instruments for speculative purposes.

Price risk, credit risk, liquidity risk and cash flow risk

The Company's principal risks and uncertainties are included in the Strategic Report.

Employment of disabled persons
It is Company policy to give full and fair consideration to applications for employment from disabled persons where they have the necessary aptitude and abilities. Where employees become disabled, the Company endeavours to continue their employment provided there are duties they can perform despite their disabilities.

It is also Company policy that there should be equal opportunities in the area of employment without discrimination. Employees are treated equally and fairly, and selection for training, promotion, career progression and other benefits is taken solely on merit and ability to perform against role profiles.

Employee involvement
The Company provides information to its employees both of a general company nature and to encourage awareness of financial, economic, strategic and other factors which affect the Company. We achieve this through formal and informal briefings, our Company magazine and our intranet.

Future developments
Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Going concern
The company has considerable financial resources and carries no debt. Following the COVID-19 pandemic, the Directors have prepared cashflow forecasts to October 2021 showing a base case with a downside scenario modelled against this. The base case shows the cashflow generated from secured and nearly secured contracts, government assistance on COVID-19 related schemes and short term working capital needs. The downside scenario demonstrates the effect of reduced order intake and reduced margin on existing contracts. This was designed to establish a pessimistic but plausible downside and proves that sufficient cash headroom can be maintained throughout this period.

Taking this into account the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Post balance sheet events
The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. See above and the Strategic Report for details of the company response to this crisis, the related risks and note 28 for the financial impact of this event.

Directors' liabilities
Third party indemnity provisions made by the ultimate parent company on behalf of all Directors within the Company were in force for the entire financial year.

Disclosure of information to the auditors
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors
The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on ...16/10/20..... and signed on its behalf by:

....
John A Dempsey BA, ACMA, CGMA
Company secretary

Sir Robert McAlpine Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Sir Robert McAlpine Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sir Robert McAlpine Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Sir Robert McAlpine Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Sir Robert McAlpine Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Tobias Wright

....

Tobias Wright (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
London, United Kingdom

16 October 2020

Sir Robert McAlpine Limited

Profit and Loss Account for the Year Ended 31 October 2019

	Note	Before exceptional item 2019 £ 000	Exceptional item 2019 £ 000	2019 £ 000	Before exceptional item 2018 £ 000	Exceptional item 2018 £ 000	2018 £ 000
Turnover	3	1,009,223	-	1,009,223	785,229	2,822	788,051
Cost of sales		(977,716)	2,371	(975,345)	(757,658)	(2,822)	(760,480)
Gross profit		31,507	2,371	33,878	27,571	-	27,571
Administrative expenses	5	(18,975)	-	(18,975)	(15,871)	(3,820)	(19,691)
Other operating gains	4	241	-	241	369	-	369
Operating profit/(loss)	6	12,773	2,371	15,144	12,069	(3,820)	8,249
Other interest receivable and similar income	7	51	-	51	69	-	69
Amounts written off investments		(138)	-	(138)	(278)	-	(278)
Interest payable and similar expenses	8	(603)	-	(603)	(685)	-	(685)
		(690)	-	(690)	(894)	-	(894)
Profit/(loss) before tax		12,083	2,371	14,454	11,175	(3,820)	7,355
Taxation	12	(28)	-	(28)	(732)	-	(732)
Profit/(loss) for the financial year		12,055	2,371	14,426	10,443	(3,820)	6,623

The notes on pages 18 to 36 form an integral part of these financial statements.

Sir Robert McAlpine Limited

Statement of Comprehensive Income for the Year Ended 31 October 2019

	2019 £ 000	2018 £ 000
Profit for the year	14,426	6,623
Profit on disposal of operations	-	25,601
Remeasurement (loss) on post-retirement medical schemes	(27)	(65)
Deferred tax relating to remeasurement loss on post-retirement medical scheme	9	8
	(18)	25,544
Total comprehensive income for the year	14,408	32,167

The notes on pages 18 to 36 form an integral part of these financial statements.

Sir Robert McAlpine Limited

(Registration number: 00566823)
Balance Sheet as at 31 October 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	13	29,809	28,037
Investments	14	4	4
Other financial assets	15	6,592	6,426
		36,405	34,467
Current assets			
Stocks	16	670	676
Debtors due in less than one year	17	225,460	232.940
Debtors due in more than a year	17	28,931	34,016
Cash and cash equivalents	18	94,045	73,000
		349,106	340,632
Creditors: Amounts falling due within one year	19	(267,514)	(279,662)
Net current assets		81,592	60,970
Total assets less current liabilities		117,997	95,437
Creditors: Amounts falling due after more than one year	19	(18,659)	(20,112)
Provisions for liabilities	20	(14,655)	(5,000)
Net assets excluding post-retirement medical scheme		84,683	70,325
Post-retirement medical scheme	21	(5,374)	(5,424)
Net assets		79,309	64,901
Capital and reserves			
Called up share capital	22	67,750	67,750
Profit and loss account	23	11,559	(2,849)
Total equity		79,309	64,901

Approved and authorised by the Board on 16/10/20 and signed on its behalf by:

Paul C Hamer

Director

Sir Robert McAlpine Limited

Statement of Changes in Equity for the Year Ended 31 October 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2018	67,750	(2,849)	64,901
Profit for the year	-	14,426	14,426
Other comprehensive (loss)	-	(18)	(18)
Total comprehensive income	-	14,408	14,408
At 31 October 2019	67,750	11,559	79,309

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2017	67,750	(35,016)	32,734
Profit for the year	-	6,623	6,623
Other comprehensive income	-	25,544	25,544
Total comprehensive income	-	32,167	32,167
At 31 October 2018	67,750	(2,849)	64,901

The notes on pages 18 to 36 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in Great Britain and registered in England and Wales.

The address of its registered office is:
Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR
United Kingdom

These financial statements were authorised for issue by the Board on 16 October 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except, as disclosed in the accounting policies, certain items are shown at fair value.

Departure from requirements of FRS 102
Qualifying entity exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements in relation to financial instruments and presentation of a cash flow statement.

Group accounts not prepared
The financial statements contain information about Sir Robert McAlpine Limited as an individual company and do not contain consolidated financial information as the parent of a group.
The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Newarthill Limited, a company incorporated in United Kingdom.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company is set out in the Company balance sheet and the accompanying notes to the financial statements. The Company's cash and borrowings positions are set out in the Strategic Report and note 18 to the financial statements. A description of the Company's management of interest rate risk and treasury risk are set out in the Strategic Report.

The company has considerable financial resources and carries no debt. Following the COVID-19 pandemic, the Directors have prepared cashflow forecasts to October 2021 showing a base case with a downside scenario modelled against this. The base case shows the cashflow generated from secured and nearly secured contracts, government assistance on COVID-19 related schemes and short term working capital needs. The downside scenario demonstrates the effect of reduced order intake, delayed settlements and increased remedial cash outflows. This was designed to establish a pessimistic but plausible downside and demostrates that sufficient cash headroom can be maintained throughout this period.

Taking this into account, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Critical judgements in applying the Company's accounting polices
The directors do not consider there to be any critical judgements involved in the application of the accounting policies for the preparation of the financial statements.

Key sources of estimation uncertainty
Turnover: The turnover policy, described below, requires forecasts to be made of the outcomes of long-term construction contracts, which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, defects liabilities and changes in costs. There are several long-term construction contracts where the Company has incorporated significant judgements over contractual entitlements. To a large extent, the Company's profitability depends on costs being accurately calculated and controlled, and projects being completed on time. The cost calculations made at the project portfolio-level are subject to a number of assumptions. Therefore, if the estimate of the overall risks or calculations of the revenues or costs of one or more contracts prove inaccurate or circumstances change, this could result in a positive or negative change to underlying profitability and cash flow.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will arise against which the temporary differences will be utilised. Management estimates are required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits.

Provisions: Provisions (see note 20) are made for expected future losses on completed contracts with remedial works identified. These provisions require management's best estimate of the costs that will be required to complete contracts based on contractual requirements. It is impracticable to estimate the timing of the utilisation of the future losses and discounting, unless material, has not been applied

Exceptional items

Section 5 of FRS 102 deals with the presentation of total comprehensive income for the reporting period. FRS 102 requires material items to be disclosed separately on the face of the profit and loss account in a way that enables users to assess the quality of a company's financial performance. In practice, these are commonly referred to as "exceptional" items, but this is not a concept defined by FRS 102 and therefore there is a level of judgement involved in determining what to include as "Exceptional". We consider items which are non-recurring or significant in size or in nature to be suitable for separate presentation (see note 5).

Revenue recognition

Turnover represents the value of civil engineering and building work carried out during the year and includes the Company's share of turnover in joint arrangements.

Construction turnover is recognised by reference to the stage of completion at the reporting date when the outcome of individual contracts can be estimated reliably. Construction turnover is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Estimates of the final out-turn on each contract may include cost contingencies to take account of the specific risks within each contract that have been identified. The cost contingencies are reviewed on a regular basis throughout the contract life and are adjusted where appropriate. The Directors continually review the estimated final out-turn on contracts, and in certain limited cases, assess recoveries from insurers, and make adjustments where necessary. No margin is recognised until the outcome of the contract can be estimated with reasonable certainty. Construction turnover includes variations in contract work which are recognised when it is probable that it will be agreed by the client and the amount can be measured reliably. Construction turnover also includes claims which are recognised when negotiations have reached an advanced stage such that it is probable that the client will accept the claim and the amount can be measured reliably. Profit is recognised on long-term contracts only once the final outcome can be assessed with reasonable certainty by including turnover and cost of sales within the profit and loss account as contract progresses.

Foreign currency transactions and balances

Transactions of United Kingdom based companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The exchange movements are dealt with in the profit and loss account.

Tax

Tax for the year comprises current tax and deferred tax. Tax is recognised in the profit and loss account, except where an item of income or expense is recognised within other comprehensive income, in which case the related tax is also recognised within other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and equals the highest amount that is more likely than not to be recovered based on current and future taxable profit.

Tangible assets

Tangible assets are stated at cost, less any accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	reducing balance at either 5% or 10% per annum or straight-line on cost at 2% per annum.
Furniture, fittings and equipment	straight-line on cost between 5% and 10% per annum.
Property, plant and equipment	reducing balance between 20% and 60% per annum.

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with subsequent changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents
Cash and csah equivalents can include cash in hand, call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks
Raw materials and consumables are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation at the reporting date as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligations is small.

When the effect of the time value of money is material, the amount of a provision is the present value of the amount expected to be required to settle the obligation. The discount rate uses a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The risks specific to the liability are reflected either in the discount rate or in the estimation of the amounts required to settle the obligation, but not both.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends
Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all members the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

The Company operates a defined benefit pension scheme whereby a member will receive a benefit on retirement, usually dependent on one or more factors such as years of service and remuneration.

The liability is recognised in the balance sheet of Newarthill Limited, the ultimate parent company. More information can be found in note 21 and full disclosure of the scheme is shown in the financial statements of Newarthill Limited.

As the assets and liabilities of the pension scheme are recognised within Newarthill Limited, the Company accounts for the charges against the scheme as if it were a defined contribution scheme.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £ 000	2018 £ 000
Contracting	1,009,223	788,051

All turnover is generated in the United Kingdom.

4 Other operating gains

The analysis of the company's other operating income for the year is as follows:

	2019 £ 000	2018 £ 000
Gain on disposal of property, plant and equipment	241	369

5 Exceptional Items

Following a strategic review in 2017 it was determined that the Company would no longer participate in the construction of Energy from Waste facilities, where there was contractual responsibility taken for process risk. The Company considered this to be a business stream exit. Consequently, all revenues and directly associated costs are presented as exceptional items. The exited businesses do not meet the definition of discontinued operations as stipulated by FRS 102 because neither the business nor any assets related to it have been disposed of. Accordingly the disclosures within exceptional items differ from those applicable to discontinued operations. In the year, turnover relating to this business is £nil (2018 - £2.8m). Credit of costs relating to this business were £2.4m (2018 - cost of £2.8m).

In the prior year as part of an organisational redesign, costs of £3.8m were incurred as compensation for loss of office to various staff members. There is no cost in the current year.

6 Operating profit/(loss)

Arrived at after charging

	2019 £ 000	2018 £ 000
Depreciation expense	8,248	7,112
Operating lease expense - property	4,740	4,885
Operating lease expense - plant and machinery	10,438	6,325
Gain on disposal of property, plant and equipment	(241)	(369)

7 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Bank interest receivable and similar income	51	69

8 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
Interest on obligations under finance leases and hire purchase contracts	421	497
Other finance costs	182	188
	603	685

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	145,690	131,540
Social security costs	15,475	14,239
Pension costs, defined contribution scheme	6,577	5,396
Pension costs, defined benefit scheme	-	279
	167,742	151,454

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Average number employed in construction services during the year	2,168	2,045

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	3,338	3,936
Contributions paid to money purchase schemes	40	18
Compensation for loss of office	204	638
	3,582	4,592

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under defined benefit pension scheme	3	3
Accruing benefits under money purchase pension scheme	2	1

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	816	800

11 Auditor remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	223	162

12 Taxation

	2019 £000	2018 £000
Current taxation		
United Kingdom corporation tax	(939)	161
United Kingdom corporation tax adjustment to prior periods	(1,154)	(269)
	(2,093)	(108)
Deferred taxation		
United Kingdom deferred tax adjustment to prior periods	(891)	-
Arising from origination and reversal of timing differences	3,013	840
	2,122	840
Tax charge/(credit) in the income statement	28	732

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	14,454	7,355
Corporation tax at standard rate	2,746	1,397
Income not taxable in determining taxable profit	-	(2)
Expenses not deductible for tax purposes	236	335
Utilisation of tax losses	(8)	(4)
Change in unrecognised deferred tax assets	1,495	431
Adjustments to tax charge in respect of previous periods	(2,045)	(269)
Remeasurement of deferred tax assets and liabilities due to changes in UK tax rate	(354)	537
Group relief surrendered for nil consideration	37	1,155
Expense due to transfer pricing adjustments	(2,079)	(2,848)
Total tax charge	28	732

Deferred tax

Deferred tax assets and liabilities

2019	Asset £ 000
Fixed assets timing	1,844
Losses	7,142
R & D credit	891
Post-retirement medical scheme obligations	914
	10,791

2018	Asset £ 000
Fixed assets timing	-
Losses	11,990
R & D credit	-
Post-retirement medical scheme obligations	933
	12,923

It is expected that £3,746,000 (2018 - £1,704,000) of the deferred tax assets will reverse during the next year.

There are £25,650,000 of unused tax losses (2018 - £23,691,000) for which no deferred tax asset is recognised in the Balance Sheet.

	2019 £ 000	2018 £ 000
Accelerated capital allowances	2,294	4,669
Tax losses	22,465	18,388
Other timing differences	891	634
	25,650	23,691

The United Kingdom Corporation Tax rate fell from 20% to 19% with effect from 1 April 2017.

13 Tangible assets

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Property, plant and equipment £ 000	Total £ 000
Cost or valuation				
At 1 November 2018	1,568	18,536	51,393	71,497
Additions	-	2,452	9,874	12,326
Disposals	(109)	(529)	(5,751)	(6,389)
At 31 October 2019	1,459	20,459	55,516	77,434
Depreciation				
At 1 November 2018	961	15,005	27,494	43,460
Charge for the year	4	1,244	7,000	8,248
Eliminated on disposal	(84)	(127)	(3,872)	(4,083)
At 31 October 2019	881	16,122	30,622	47,625
Carrying amount				
At 31 October 2019	578	4,337	24,894	29,809
At 31 October 2018	607	3,531	23,899	28,037

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £ 000	2018 £ 000
Property, plant and equipment	8,621	10,176

14 Investments in subsidiaries, joint ventures and associates

	2019 £ 000	2018 £ 000
Investments in subsidiaries	4	4

Subsidiaries	**£ 000**
Cost or valuation	
At 1 November 2018	4
Revaluation	-
At 31 October 2019	4
Carrying amount	
At 31 October 2019	4
At 31 October 2018	4

On 31 October 2018 the company disposed of it's shareholding in Sir Robert McAlpine Capital Ventures Limited for £82.2m realising a profit on sale of £25.6m. The sale was part of an internal restructure with the purchaser having the same ultimate parent company as Sir Robert McAlpine Limited.

The wholly owned subsidiaries of Sir Robert McAlpine limited are listed below. Except where otherwise stated they were incorporated in Great Britain, registered in England and Wales and the principal country of operation is the United Kingdom.

In the Directors' opinion, the aggregate value of the shares in each of the subsidiary undertaking are not less than the aggregate amounts of which they are stated in the company balance sheet.

As permitted by S.400 Companies Act 2006, group accounts have not been prepared as Sir Robert McAlpine Limited is itself a wholly owned subsidiary. Consequently, these accounts give information about the company rather than the group.

	Country of Incorporation and Principal Country of Operation
Construction related	
Sir Robert McAlpine Management Contractors Limited	England
Bankside Electrical Contractors Limited	England
British Contracts Company Limited	England
Derby Joinery Limited	England
Widemarsh Gate Development Limited	England
Consortium 220 LLP	Scotland
Property development	
McAlpine Properties Limited	Cayman Islands

15 Other financial assets (non-current)

	Unlisted securities £ 000	Loans £ 000	Total £ 000
Non-current financial assets			
Cost or valuation			
At 1 November 2018	6,072	754	6,826
Additions at Cost	-	320	320
At 31 October 2019	6,072	1,074	7,146
Impairment			
At 1 November 2018	-	400	400
Losses made in the period	-	154	154
At 31 October 2019	-	554	554
Carrying amount			
At 31 October 2019	6,072	520	6,592
At 31 October 2018	6,072	354	6,426

Unlisted securities are held at cost less impairment as their fair values cannot be measured reliably.

16 Stocks

	2019 £ 000	2018 £ 000
Raw materials and consumables	670	676

17 Debtors

	Note	2019 £ 000	2018 £ 000
Due in less than one year:			
Trade debtors		11,811	12,828
Amounts owed by related parties		94,700	82,783
Other debtors		19,964	10,973
Prepayments		12,266	8,050
Gross amount due from customers for contract work		81,263	115,090
Deferred tax assets	12	3,746	1,704
Corporation tax asset	12	1,710	1,512
		225,460	232,940

	Note	2019 £ 000	2018 £ 000
Due in more than one year			
Gross amount due from customers for contract work		21,282	22,170
Other receivables		604	647
Deferred tax assets		7,045	11,199
		28,931	34,016

18 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank	93,790	72,745
Short-term deposits	255	255
	94,045	73,000

Short-term deposits held by the Company have an original maturity of 12 months or less. At the balance sheet date the average maturity of deposits was 3 months (2018 - 3 months). The average interest rate was 0.4% (2018 - 0.4%). They are measured at amortised cost.

The Company had no short-term deposits or cash at bank held under terms which are restrictive (2018 - £Nil).

19 Creditors

	Note	2019 £ 000	2018 £ 000
Due within one year			
Finance leases		4,012	4,145
Trade creditors		211,919	197,913
Amounts due to related parties	26	241	5,412
Social security and other taxes		5,257	4,973
Other payables		1,244	2,674
Accruals		11,836	11,390
Deferred income		33,005	53,155
		267,514	279,662
Due after one year			
Finance leases		3,062	5,360
Trade creditors		15,597	14,752
		18,659	20,112

Amounts due to related parties, which include parent, subsidiaries, fellow subsidiaries and associated undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand, except for those items disclosed in note 26.

20 Provisions for liabilities

	Other provisions £ 000	Total £ 000
At 1 November 2018	5,000	5,000
Additional provisions	13,555	13,555
Provisions utilised	(3,900)	(3,900)
At 31 October 2019	14,655	14,655

Other provisions include provisions for expected future losses on completed contracts with remedial works identified. It is impracticable to estimate the timing of the utilisation of future losses. All amounts included within provisions have not been discounted.

21 Post-retirement medical scheme and other employee benefits

Defined benefit and defined contribution pension schemes

The Company operates a defined benefit pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The pension cost relating to the scheme is assessed in accordance with the advice of an external, qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was at 31 October 2015. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. The post-retirement rate of return uses the gilt yield curve +1.0% and the pre-retirement rate of return uses the gilt yield curve +2.25%. Salary increases are assumed to be 2.0% per annum and pension increases range between 2.5% and 5.0% depending on when the benefit was accrued. At the date of the latest actuarial valuation, the valuation showed a net deficit of £107.6m, with the market value of the scheme's investments amounting to £372.0m which was sufficient to cover 78% of the benefits that had accrued to members. As at 31 October 2017, the scheme had been closed to new entrants and used the projected unit method. On 30 November 2017, this scheme ceased accruing future benefits and all active members were transferred to the defined contribution scheme and became deferred members.

The scheme is recorded within Newarthill Limited, the ultimate parent company, and full disclosure of the scheme is shown within Newarthill's financial statements. These disclosures show the scheme to have a net deficit of £141.9m (2018 - £143.1m) attributable to Newarthill Limited before deducting deferred tax. The scheme is shared between the Newarthill Limited group and the Renewable Energy Systems (Holdings) Limited group, a company under common ownership. The total pension deficit has been split between Newarthill Limited (90%) and Renewable Energy Systems (Holdings) Limited (10%).

In addition to the defined benefit scheme, the Company operates two defined contribution pension schemes where employee contributions are matched by company contributions. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £6,576,688 (2018 - £5,396,000). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2018 - £Nil).

Post-retirement medical scheme

The Company provides unfunded post-retirement medical insurance benefits for a number of its employees after retirement.

The date of the most recent actuarial valuation was 31 October 2018. The valuation was carried out by a third party actuarial company.

Reconciliation of scheme liabilities to liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019 £ 000	2018 £ 000
Present value of scheme liabilities	5,374	5,424
Deferred tax asset	(1,021)	(933)
Post-retirement medical scheme deficit	4,353	4,491

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2019 £ 000
Present value at 1 November 2018	5,424
Interest cost	153
Actuarial gains and losses	27
Employer contributions	(230)
Present value at 31 October 2019	5,374

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2019 %	2018 %
Discount rate	2.90	2.90
Medical expenses inflation	9.50	9.50

22 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	67,750	67,750	67,750	67,750

23 Reserves

Share capital

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Profit and loss account

The profit and loss account, except for the £25.6m gain on disposal of Sir Robert McAlpine Capital Ventures Limited in the year to 31st October 2018, represents the Company's total retained earnings available for distribution.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

2019	Retained earnings £ 000	Total £ 000
Remeasurement gain/loss on post-retirement medical schemes	(27)	(27)
Deferred tax relating to remeasurement loss on post-retirement medical scheme	9	9
	(18)	(18)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

2018	Retained earnings £ 000	Total £ 000
Surplus/(deficit) on revaluation of other assets	25,601	25,601
Remeasurement gain/loss on post-retirement medical schemes	(65)	(65)
Deferred tax relating to remeasurement loss on post-retirement medical scheme	8	8
	25,544	25,544

24 Obligations under leases and hire purchase contracts

Finance leases

The finance leases relate to the purchase of cranes used in the group's construction activities. Cranes are classified as other property, plant and equipment in note 13. There are no contingent rental, renewal or purchase option clause.

The total of future minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Not later than one year	4,033	4,145
Later than one year and not later than five years	3,442	6,031
	7,475	10,176

Operating leases

The total of future minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Not later than one year	2,111	4,100
Later than one year and not later than five years	7,923	5,940
Later than five years	-	575
	10,034	10,615

The amount of non-cancellable operating lease payments recognised as an expense during the year was £15,178,000 (2018 - £11,210,000).

25 Financial guarantee contracts

There were contingencies in respect of the following;

Guarantees of contract performance bonds given in the normal course of business: and
Completed and uncompleted contracts.

It is impractical to estimate the financial effect, timing or probability of payments in relation to the above items.

26 Related party transactions

There were transactions amounting to £47.3m (2018 - £13m) in respect of construction and other contracts on normal commercial terms with various joint arrangements, of which £23.2m (2018 - £8.2m) was owing at the year end and included within debtors due in less than one year (note 17).

There were transactions amounting to £26.8m (2018 - £3.1m) in respect of construction and other contracts on normal commercial terms with joint ventures and unlisted investments, of which £nil (2018 - £0.1m) was owing at the year end and included within debtors due in less than one year (note 17).

27 Parent and ultimate parent undertaking

The company's immediate parent is Sir Robert McAlpine (Holdings) Limited, incorporated in the United Kingdom. These financial statements are available upon request from Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR. This is the smallest Company that consolidates Sir Robert McAlpine Limited.

The ultimate parent is Newarthill Limited, incorporated in the United Kingdom.

The most senior parent entity producing publicly available financial statements is Newarthill Limited. These financial statements are available upon request from Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR. This is the largest Company that consolidates Sir Robert McAlpine Limited.

The ultimate controlling party is The McAlpine Partnership Trust.

28 Events after the reporting date

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Many actions taken by the UK Government and the private sector to respond to the outbreak followed these announcements.

Steps to mitigate the impact on the company from COVID-19 have been implemented as described more fully in the Strategic report.

The directors have reviewed the cashflow scenario models and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements (see note 1 for further details).