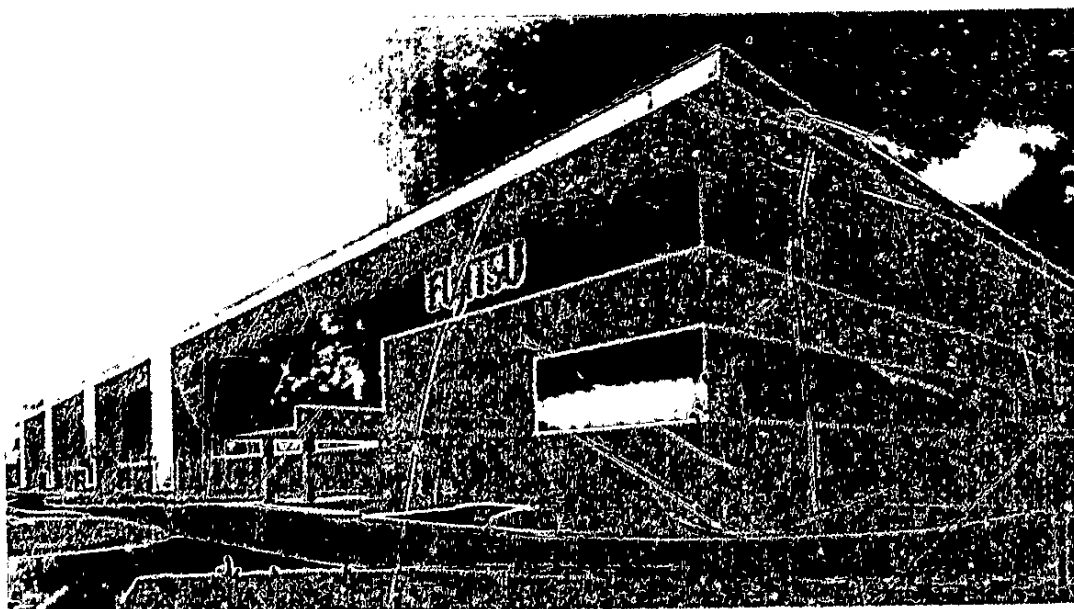


NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD

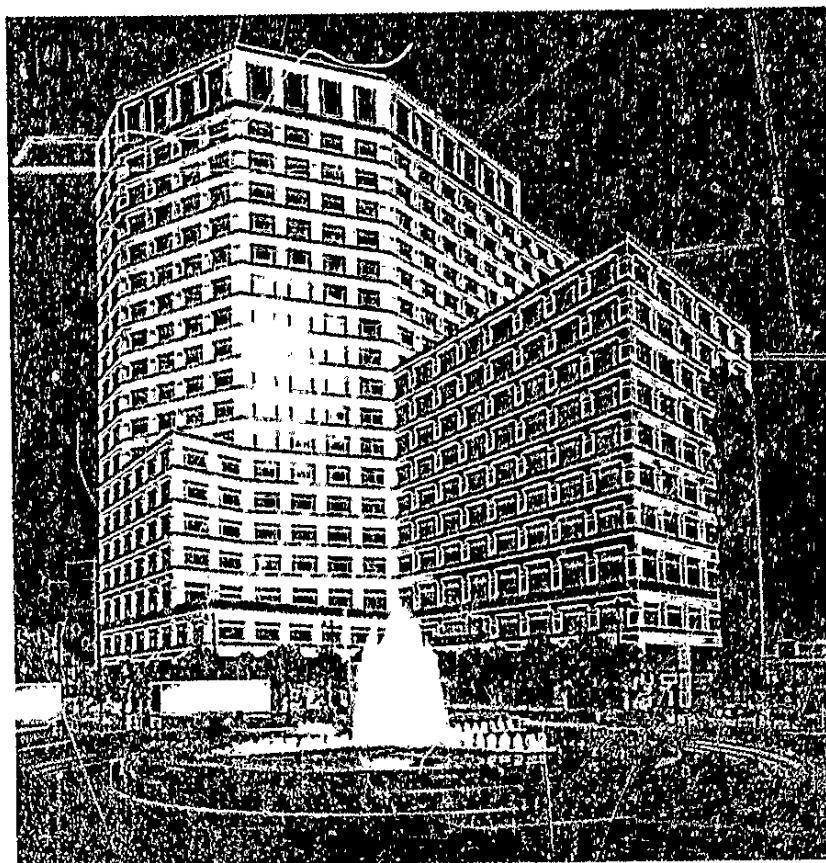
Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause



Fujitsu Microelectronics County Durham



No. 1 Cabot Square, Canary Wharf, London Docklands

Newarthill p.l.c.

Report and Financial Statements 1991



Fig. 10. 10. 10. 10.

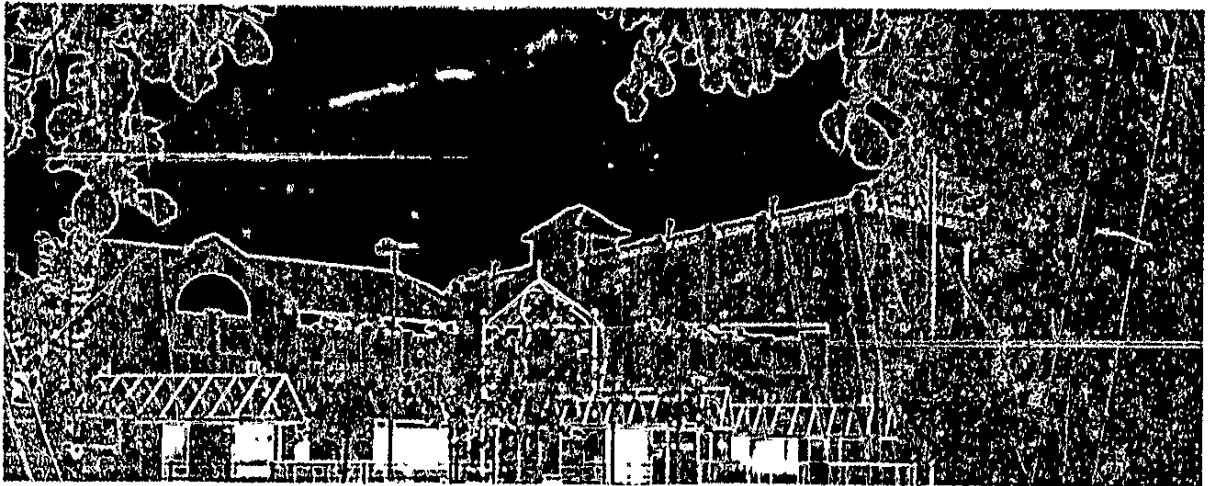
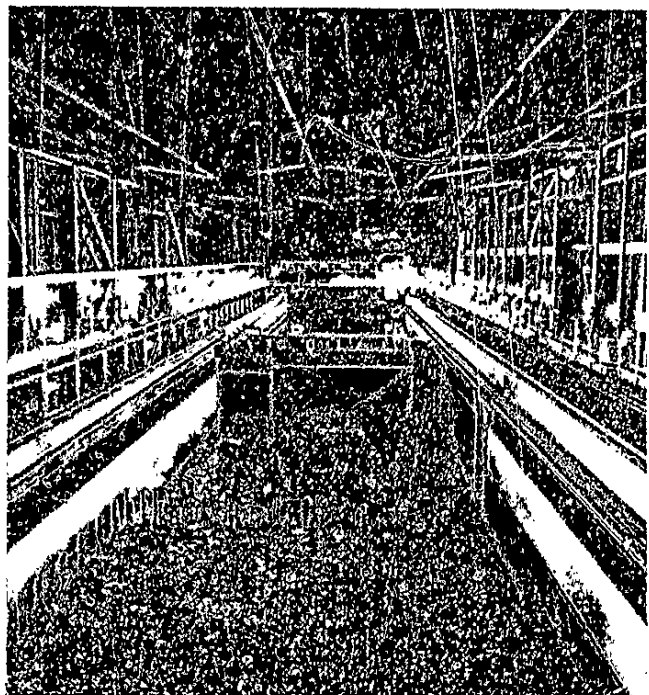


Fig. 10. 10. 10. 10.



Thorp Recup. and Storage Facility
Schlafeld

Newarthill p.l.c.

Notice of Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of Newarthill p.l.c. will be held at 40 Bernard Street, London WC1N 1LG, on Thursday, 28th May 1992 at 12.30 p.m., for the following purposes:-

Ordinary business

- 1 To receive the report of the Directors and the financial statements for the year ended 31st October 1991.
- 2 To re-elect the following Directors:
Sir John Hedley Greenborough KBE LL.D
Kenneth M^cAlpine OJ
Special notice has been received of the resolution which will be proposed for the re-election as Director of Kenneth M^cAlpine who is over the age of seventy.
- 3 To reappoint Touche Ross & Co. as auditors of the Company and to authorise the Directors to fix their remuneration.

Special business

- 4 To consider and, if thought fit, pass the following ordinary resolution:
THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 to make market purchases of its own ordinary shares, provided that:
 - (a) this authority is limited to the purchase of not more than 650,000 ordinary shares;
 - (b) the price to be paid for the ordinary shares acquired under this authority shall not be less than £1 per ordinary share nor more than a price 20% above the last price obtained through bargains struck under Rule 535(2) of the London Stock Exchange, as derived from the Daily Official List, prior to the day on which the ordinary shares are purchased;
 - (c) this authority shall expire on the date following fifteen months after the passing of this resolution, save that the Company may, before such expiry, make contracts or purchase which would or might fall to be executed wholly or partly after that date and this authority shall extend to purchases effected in pursuance of such contracts;
 - (d) all previous authorities under the said Section 166 shall henceforth cease to have effect.

40 Bernard Street
London WC1N 1LG
30th April 1992

By Order of the Board,
G J. Frain,
Secretary.

Note:

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of the member. A proxy need not also be a member of the Company.

There are no contracts of service whereunder directors of the Company are employed by the Company or any of its subsidiaries at the date of this notice other than contracts expiring, or determinable by the employing company without payment of compensation, within one year.

The register of directors' interests kept by the Company under Section 325 of the Companies Act 1985 is available for inspection at the registered office of the Company during normal business hours and will be available for inspection at the Annual General Meeting.

Newarthill p.l.c.

Directors and Officers

Directors	Sir John Hedley Greenborough KBE LL.D <i>Chairman</i> Sir Robin M'Alpine CBE Malcolm H D M'Alpine Kenneth M'Alpine DL The Hon. Sir William H M'Alpine Bt. Ian M M'Alpine MA The Lord M'Alpine of West Green
Secretary	G L Prain MA FCA
Registered Office	40 Bernard Street London WC1N 1LG (Registered in England and Wales No. 1050970)
Registrar	Clydesdale Bank PLC Corporate Investment Services PO Box 124 The Guild Hall 57 Queen Street Glasgow G1 3EA
Auditors	Touche Ross & Co. Chartered Accountants Hill House 1 Little New Street London EC4A 3TR
Bankers	Clydesdale Bank PLC 30 Lombard Street London EC3V 9BB

Newarthill p.l.c.

Report of the Directors

The Directors submit their annual report together with the audited financial statements of the group for the year ended 31st October 1991.

Results and dividends

The group loss for the year before taxation and extraordinary items amounts to £42,802,000. Taxation credits thereon amount to £4,404,000, extraordinary items charged after taxation add £11,463,000, and minority interests credit £52,000 to the total thus producing a loss of £71,809,000. Ordinary shares amounting to £54,000 have been issued to holders of capital shares then in issue relating to the 1990 ordinary dividend and preference dividends totalling £322,000 have been paid, resulting in a transfer from reserves of £72,185,000.

The Directors do not recommend the payment of an ordinary dividend.

Review of the business

The business of the group is that of civil engineering and building contractors and allied activities which include property development and investment, aviation and the holding of investments.

The results for the year and the group's prospects are reported on in the Chairman's Review.

Changes in assets

Details of movements in the fixed assets during the year are shown in notes 1 and 2 to the accounts on pages 13 to 15.

A valuation was made at open market value of the investment properties of the group at 31st October 1991 and of investment properties in related companies at 31st October 1991 or at 30th June 1991, where their financial year ended on that date. The resulting diminution in value of £28,303,000 has been incorporated in the financial statements.

Properties owned by the group and used in its construction related activities are valued at historic cost less depreciation.

Newarthill p.l.c.

Report of the Directors *(continued)*

Share capital

Ordinary shares

During the year 53,463 shares of £1 each were issued, credited as fully paid by way of capitalisation of reserves, in accordance with the rights attached to the capital shares then in issue.

Purchase of ordinary shares

Since 31st October 1991, up to the date of this report, 301,900 ordinary shares were purchased, at a cost of £1,828,000, being 2.4% of that class of shares.

As your Board consider it advisable to continue to be able to purchase shares, the appropriate ordinary resolution is being put to this Annual General Meeting to authorise the purchase of up to 650,000 shares and also to cancel the authority given last year in respect of any outstanding balance of shares not purchased. The sanction of holders of preference shares will be sought at a separate meeting to be held immediately after the Annual General Meeting.

Directors

The present members of the Board are shown on page 2. Sir John Hedley Greenborough and Mr Kenneth M'Alpine retire by rotation and, being eligible, offer themselves for re-election. Special notice has been received in respect of the re-election of Mr Kenneth M'Alpine as he is over the age of seventy.

Charitable and political donations

Donations for charitable purposes amounted to £85,000. There were payments totalling £56,000 to Conservative Party organisations.

Auditors

Mr R. R. R. & Co. have expressed their willingness to accept reappointment in accordance with the provisions of the Companies Act 1985.

Newarthill p.l.c.

Report of the Directors *(continued)*

Interest in shares

At 3rd April 1992 the Directors had not been notified that any person (other than Directors and their co-trustees) had an interest exceeding 3% in the issued ordinary shares of the Company.

Close company

The close company provisions of the Income and Corporation Taxes Act 1988 applied to the Company at 31st October 1991 and continue to apply.

40 Bernard Street
London WC1N 1LG
15th April 1992



By Order of the Board,
G. L. Prain,
Secretary.

Newarthill p.l.c.

and Subsidiary Companies

Group Profit and Loss Account for the year ended 31st October 1991

		1991 £000	1990 £000
Turnover	A	463,656	648,950
Cost of sales		459,797	629,936
Gross profit		3,859	19,014
Administrative expenses		14,382	15,336
	A	(10,523)	3,678
Income from:			
Property		4,630	5,283
Investments	B	6,567	5,313
Related companies		(5,559)	(2,493)
Interest payable	C	(12,917)	(18,002)
		(17,802)	(6,221)
Exceptional item — provision for loss in partnership development		(25,000)	—
Loss on ordinary activities before taxation	D	(42,802)	(6,221)
Taxation	E	(4,404)	4,322
Loss on ordinary activities after taxation		(38,398)	(10,543)
Extraordinary items	F	(33,463)	23,073
Minority interests		52	31
(Loss)/profit for the year attributable to the shareholders		(71,809)	12,561
Dividends	G	376	860
Transferred (from)/to reserves	R	(72,185)	11,701
 Made up as follows:			
Parent company		61	87
Subsidiary companies		(59,103)	14,545
Related companies		(13,143)	(2,931)
 Earnings per share	H		
Before taxation		(319.9)p	(48.5)p
After taxation		(287.2)p	(80.7)p

Newarthill p.l.c. and Subsidiary Companies

Balance Sheets as at 31st October 1991

		Group		Company	
	Notes	1991 £000	1990 £000	1991 £000	1990 £000
Fixed assets					
Tangible assets	I	169,513	208,895	-	-
Investments	J	84,708	106,728	31,097	31,097
		<u>254,221</u>	<u>315,623</u>	<u>31,097</u>	<u>31,097</u>
Current assets					
Stocks	K	28,115	35,065	-	-
Debtors	L	85,685	142,748	85,030	25,777
Investments	M	10,149	12,061	-	52,250
Cash at bank and in hand		2,108	2,515	319	714
		<u>126,057</u>	<u>192,389</u>	<u>85,349</u>	<u>78,741</u>
Creditors: Amounts falling due within one year	N	103,649	174,520	67,967	76,308
Net current assets		<u>22,408</u>	<u>17,869</u>	<u>17,382</u>	<u>2,433</u>
Total assets less current liabilities		<u>276,629</u>	<u>333,492</u>	<u>48,479</u>	<u>33,530</u>
Creditors: Amounts falling due after more than one year	O	102,710	77,012	21,347	8,277
Minority interests		483	679	-	-
Provisions for liabilities and charges	P	14,173	4,764	(207)	(1,971)
		<u>117,366</u>	<u>82,455</u>	<u>21,140</u>	<u>6,306</u>
		<u>159,263</u>	<u>251,037</u>	<u>27,339</u>	<u>27,224</u>
Capital and reserves					
Called up share capital	Q	18,251	18,197	18,251	18,197
Capital redemption reserve	R	4,023	4,023	4,023	4,023
Revaluation reserve	R	93,037	118,741	-	-
Other reserves	R	3,336	(3,035)	-	-
Profit and loss account	R	40,616	113,111	5,065	5,004
		<u>159,263</u>	<u>251,037</u>	<u>27,339</u>	<u>27,224</u>

These financial statements were approved by the Board of Directors on 15th April 1992.
Signed on behalf of the Board of Directors

JOHN GREENBOROUGH }
MALCOLM D'ALPINE } Directors

John Philip Greenough
Malcolm D'Alpine

Newarthill p.l.c. and Subsidiary Companies

Source and Application of Funds for the year ended 31st October 1991

	1991 £000	1990 £000	1990 £000
Source of funds			
Loss on ordinary activities before taxation		(42,802)	(6,221)
Adjustment for item not involving the movement of funds – depreciation		10,079	11,515
Extraordinary items before taxation		(34,968)	30,182
Adjustment for item not involving the movement of funds – provisions		62,403	19,811
Deficit from related companies		5,559	2,493
Generated from operations		<u>271</u>	<u>57,780</u>
Funds from other sources			
Increase in borrowing	29,370	-	-
Decrease in fixed assets	1,752	-	-
Decrease in investments	-	18,780	-
Net proceeds of sale of fixed assets	3,658	7,243	-
		<u>34,780</u>	<u>26,023</u>
Total funds		<u>35,051</u>	<u>83,803</u>
Application of funds			
Reduction in borrowing	-	61,916	-
Dividends paid	827	658	-
Tax paid	13,467	14,123	-
Net investment in fixed assets	-	595	-
Increase in investments	5,662	-	-
Reduction in payments received on account	5,724	7,662	-
		<u>25,680</u>	<u>84,954</u>
Movement in working capital			
(Decrease)/increase in			
Stocks and work in progress	(1,060)	(4,830)	-
Properties held for development and sale	(5,882)	(3,134)	-
Advances to partnership developments	2,153	17,349	-
Interest in joint ventures	(1,214)	(2,400)	-
Debtors	(36,458)	3,927	-
	<u>(42,469)</u>	<u>10,912</u>	-
Decrease/(increase) in creditors	44,658	(5,134)	-
		<u>2,189</u>	<u>5,778</u>
Utilisation of certificates of tax deposit		(5,238)	(1,048)
Exchange rates adjustment		(6,061)	17,578
		<u>16,570</u>	<u>107,262</u>
Movement in net liquid funds		<u>18,481</u>	<u>(23,459)</u>
Comprising:-			
Short-term deposits	3,326	(6,645)	-
Bank balances	(407)	(5,820)	-
Bank overdrafts	15,562	(10,994)	-
		<u>18,481</u>	<u>(23,459)</u>

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts

Accounting Policies

The group's financial statements have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

Accounting conventions

The group's financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investment properties and investment properties in related companies. This represents a change in the basis of preparation in respect of the revaluation of trading companies' plant and equipment other than aircraft which are no longer revalued. Accordingly the comparative figures have been restated in accordance with SSAP6 (revised).

Basis of consolidation

The group financial statements incorporate the assets and liabilities of all subsidiaries as at 31st October 1991 and their results for the year ended on that date.

The group's cumulative share of post-acquisition reserves in related companies has been taken from the most recent audited financial statements of the companies concerned and, where the audited financial statements cover a year ended before 31st October 1991, from subsequent unaudited management accounts and include, in the case of property development companies, losses which arise in the early years through interest and other costs. The group's share of investment property revaluation surpluses has been taken from the most recent audited financial statements, or where no property revaluation has been carried out a professional revaluation is incorporated. Related companies are those in which the group owns 20% or more of the voting share capital and participates in the management.

The group's share in joint ventures is valued at cost plus its share of accumulated profits and losses.

Foreign currencies

The financial statements of overseas subsidiaries and related companies are converted at the rates of exchange ruling at 31st October 1991. Unrealised differences on exchange are dealt with through reserves.

Revaluation of investment properties

Investment properties were professionally valued on an open market value basis at 31st October 1991, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations are incorporated in the financial statements and the resultant valuation surpluses and deficits are transferred to revaluation reserve.

Investments

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

Stocks and work in progress

Stocks of material and stores have been valued at the lower of cost and net realisable value.

Contract debtors

This represents amounts due on contracts in accordance with SSAP 9.

Properties held for development and sale

These are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the value of work carried out and services supplied to clients of the group during the year and includes the group's share of turnover in joint ventures.

Depreciation

Plant and equipment are depreciated over their estimated useful economic lives at declining rates based on their written down values. The rates vary between 5% and 50% per annum.

Buildings occupied for trading purposes are written off over their estimated remaining useful life by equal annual instalments. Short leases are written off by equal annual instalments over the remainder of the lease.

No depreciation is provided on investment properties and freehold land.

Deferred taxation

Deferred taxation is provided at anticipated taxation rates on timing differences which arise from the inclusion of income and expenditure in taxation computations in periods other than those in which they are included in the financial statements where it is probable that a liability or asset will crystallise in the future.

The potential liability to taxation on the surpluses on revaluation of investment properties is not provided for in these financial statements.

Retirement benefits

The expected cost to the group of pensions in respect of defined benefit pension schemes is charged each year to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes.

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

		Turnover		Operating (Loss)/Profit	
		1991 £000	1990 £000	1991 £000	1990 £000
A Segmental analysis					
Turnover and operating (loss)/profit					
Business segment:					
Contracting		421,196	584,401	(895)	524
Property Development		12,811	22,071	(6,535)	7,788
Other		29,649	42,478	(3,093)	(4,634)
		<u>463,656</u>	<u>648,950</u>	<u>(10,523)</u>	<u>3,678</u>
Geographic segment (by origin):					
United Kingdom		455,220	636,776	(5,112)	10,154
Other		8,436	12,174	(5,411)	(6,476)
		<u>463,656</u>	<u>648,950</u>	<u>(10,523)</u>	<u>3,678</u>
Net Assets		1991 £000	1990 £000	1991 £000	1990 £000
Business segment:				Geographic segment:	
Contracting	75,221	79,091	United Kingdom	59,754	106,678
Property development	1,691	35,344	Other	29,502	29,017
Other	<u>12,344</u>	<u>21,260</u>			
	89,256	135,695		89,256	135,695
Tangible assets	124,969	160,837	Tangible assets	124,969	160,837
Investments	84,708	106,728	Investments	84,708	106,728
Debtors	11,043	8,951	Debtors	11,043	8,951
Net borrowings	(101,593)	(85,467)	Net borrowings	(101,593)	(85,467)
Creditors	(49,120)	(75,707)	Creditors	(49,120)	(75,707)
	<u>159,263</u>	<u>251,037</u>		<u>159,263</u>	<u>251,037</u>
B Investment income				1,285	2,163
Listed investments				130	702
Unlisted investments				5,152	2,448
Other interest receivable and similar income				<u>6,567</u>	<u>5,313</u>
C Interest payable				12,697	17,524
Bank loans, overdrafts and other loans repayable within 5 years				220	478
Other loans				<u>12,917</u>	<u>18,002</u>
D Loss on ordinary activities before taxation					
is arrived at:					
after charging:				10,079	11,515
Depreciation				2,582	5,399
Plant hire and leasing				1,154	1,030
Operating lease - property				242	226
Auditors' remuneration				772	-
Net loss on sales of tangible assets					
and after crediting:					814
Interest receivable on advance payment					890
Net profit on sales of tangible assets					
Directors and staff				523	493
Aggregate emoluments of the directors of the Company					
Staff costs including Directors' emoluments:				58,175	73,171
Wages and salaries				5,024	6,123
Social security costs				1,645	1,919
Other pension costs				<u>64,844</u>	<u>81,213</u>

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

Average number employed during the year including directors	Number 3,509	Number 4,568
Remuneration:		
Directors: Chairman	£27,508	£17,779
Highest paid	£78,998	£73,056
Other directors' remuneration is as follows:		
	1991	1990
£10,001 to £15,000	-	1
£15,001 to £20,000	-	1
£20,001 to £25,000	1	2
£25,001 to £30,000	2	-
£30,001 to £35,000	-	2
£35,001 to £40,000	2	-

Directors' interests

The interests of the Directors in shares of the Company are set out below. They include such family interests as are required to be disclosed by the Companies Act 1985.

	At 31st October 1991		At 31st October 1990	
	Ordinary	Capital	Ordinary	Capital
<i>Beneficial</i>				
Sir John Hedley Greenborough	-	-	-	-
Sir Robin M ^c Alpine	-	-	-	-
Malcolm H D M ^c Alpine	619,455	-	417,067	200,790
Kenneth M ^c Alpine	556,192	-	497,926	57,806
The Hon. Sir William H M ^c Alpine, Bt.	865,231	-	171,187	688,565
Ian M M ^c Alpine	987,609	-	498,659	385,535
The Lord M ^c Alpine of West Green	32,160	-	-	31,906
<i>Non beneficial</i>				
Sir Robin M ^c Alpine				
Malcolm H D M ^c Alpine	835,052	-	476,285	355,935
Kenneth M ^c Alpine				
and The Hon. Sir William H M ^c Alpine, Bt.				
Sir Robin M ^c Alpine				
Malcolm H D M ^c Alpine	4,064,303	-	2,183,204	1,866,248
Kenneth M ^c Alpine				
The Hon. Sir William H M ^c Alpine, Bt.				
and The Lord M ^c Alpine of West Green				
Malcolm H D M ^c Alpine	579,757	-	-	575,180
and Ian M M ^c Alpine				
Kenneth M ^c Alpine	1,011,015	-	404,159	602,065
and Ian M M ^c Alpine				
The Hon. Sir William H M ^c Alpine, Bt.	107,169	-	2,000	104,339
and The Lord M ^c Alpine of West Green				
The Hon. Sir William H M ^c Alpine, Bt.	81,750	-	81,750	-
and Ian M M ^c Alpine				
Ian M M ^c Alpine	84,805	-	81,750	-
The Lord M ^c Alpine of West Green	50,000	-	50,000	-

During the period 1st November 1991 to 3rd April 1992 Mr Kenneth M^cAlpine disposed of 72,000 ordinary shares. Sir Robin M^cAlpine, Mr Malcolm H D M^cAlpine, Mr Kenneth M^cAlpine, The Hon. Sir William H M^cAlpine and The Lord M^cAlpine of West Green, as trustees, disposed of 196,000 ordinary shares and Mr Malcolm H D M^cAlpine and Mr Ian M M^cAlpine, as trustees, disposed of 20,772 ordinary shares.

Interest in contracts

During the year there were no transactions or arrangements involving Directors of the Company or its subsidiaries, which are required to be disclosed in accordance with Section 232 of the Companies Act 1985.

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

	1991 £000	1990 £000
E Taxation		
(Credit)/charge on the loss for the year:		
Corporation tax at 33.41% (1990 35%)	(3,685)	2,841
Deferred taxation	(1,426)	215
Taxation attributable to franked investment income	331	540
Taxation on group's share of profits of related companies	270	249
Overseas taxation	(1)	(6)
Prior years' adjustments:		
Corporation tax	232	34
Deferred taxation	(125)	461
Overseas taxation	-	(12)
	<u>(4,404)</u>	<u>4,322</u>

The credit for taxation on the loss for the year is disproportionately low due to overseas losses for which no relief for UK corporation tax is available.

F Extraordinary items		
Net (loss)/profit on disposals of shares in related companies and listed investments	(955)	34,601
Net profit on disposal of investment properties	3,390	15,392
Provision for diminution in value of fixed assets and fixed asset investments	(26,103)	(19,811)
Provision for contingent liabilities in respect of investments and investment properties	(11,300)	-
	<u>(34,968)</u>	<u>30,182</u>
Taxation	(1,505)	7,109
	<u>(33,463)</u>	<u>23,073</u>

G Dividends		
8½% (now 6.775% plus tax credit) cumulative preference shares (paid)	322	322
Ordinary (proposed)	-	168
Special (proposed)	-	337
Ordinary shares issued to holders of capital shares then in issue relating to previous year's ordinary and special dividends	54	33
	<u>376</u>	<u>860</u>

	Number	Number
H Earnings per share		
Average shares in issue	<u>13,465,507</u>	<u>13,425,126</u>
	£000	£000
Loss on ordinary activities		
Before tax	(42,802)	(6,221)
After tax	(38,398)	(10,543)
Minority interests	52	31
Preference dividend	(322)	(322)
Earnings per share		
Before tax	(319.9)p	(48.5)p
After tax	(287.2)p	(80.7)p

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

	Total £000	Investment Properties £000	Land and Buildings £000	Plant and Equipment £000
Tangible fixed assets				
Cost or valuation				
As at 31st October 1990	241,097	117,572	63,346	60,179
Exchange rates adjustment	13,959	9,542	3,372	1,045
Additions at cost	5,698	333	2,485	2,880
Disposals	(26,407)	(15,136)	(3,708)	(7,563)
Provision for diminution in value	(4,235)	—	(1,568)	(2,667)
Revaluation at 31st October 1991	(22,251)	(22,251)	—	—
As at 31st October 1991	207,861	90,060	63,927	53,874
Comparable historical costs	171,895	54,094	63,927	53,874
Depreciation				
As at 31st October 1990	32,202	—	7,080	25,122
Exchange rates adjustment	374	—	298	76
Provision for the year	10,079	—	2,602	7,477
Eliminated on disposals	(4,307)	—	(360)	(3,947)
As at 31st October 1991	38,348	—	9,620	28,728
Comparable historical depreciation	50,927	12,579	9,620	28,728
Net book value as at 31st October 1991	169,513	90,060	54,307	25,146
At cost	79,451	—	54,307	25,146
At valuation	90,060	90,060	—	—
Net book value as at 31st October 1990	208,895	117,572	56,266	35,057
The net book value of land and building, comprises				
Freehold		24,689	50,717	
Long leasehold		65,371	1,297	
Short leasehold		—	2,293	
		90,060	54,307	

Investment properties were professionally valued during the year resulting in a diminution in value of £22,251,000 which has been charged direct to reserves. The valuation of the United Kingdom properties held as investments was undertaken by Strutt & Parker, Surveyors and Valuers. Australian properties were valued by Jones Lang Wootton, Chartered Surveyors, Australia.

All valuations were undertaken on the basis of open market value as at 31st October 1991 in accordance with the principles contained in the Guidance Notes on the Valuation of Assets issued by the Royal Institution of Chartered Surveyors.

Depreciation is not provided in respect of investment properties and the directors consider that this accounting policy results in the accounts giving a true and fair view.

Note: It is group policy to carry the insurable risks on premises and plant used in its contracting activities.

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

	Total £000	Related Companies Equity £000	Loans £000	Investments Securities £000	Loans £000
J Fixed asset investments					
Group					
Cost or valuation					
As at 31st October 1990	115,885	71,851	10,168	27,697	6,169
Exchange rates adjustment	156	-	8	13	135
Additions	15,080	-	9,912	-	5,168
Property revaluation - diminution in value	(6,164)	(6,164)	-	-	-
Decrease in reserves	(11,242)	(11,242)	-	-	-
Disposals	(16,047)	(3)	(3,417)	(3,106)	(9,521)
Transfers	-	732	(735)	3	-
As at 31st October 1991	97,668	55,174	15,936	24,607	1,951
Provisions					
As at 31st October 1990	9,157	28	714	4,010	4,405
Exchange rates adjustment	9	-	-	4	5
Additions	9,632	-	166	9,381	85
Disposals	(5,838)	-	-	(1,805)	(4,033)
As at 31st October 1991	12,960	28	880	11,590	462
Net book value as at 31st October 1991	84,708	55,146	15,056	13,017	1,489
Shares at cost		7,125			
Group share of post acquisition reserves		(9,712)			
Group share of property revaluation surplus		57,733			
		55,146			

Investment securities comprise listed and unlisted securities.

	1991 £000	1990 £000
Listed securities:		
Net book value	12,721	22,448
Market value	15,700	14,800

If these shares were to be sold at the valuations shown above there would be capital gains tax losses available to the group.

Listed investments include interests in the issued ordinary share capital of the following companies which are incorporated and registered in England and Wales:-

	Group Holding of Ordinary Shares %
The British Dredging PLC	27.54
Walter Lawrence PLC	17.87
Wiggins Group PLC	19.79

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

J Fixed asset investments (continued)

The following unlisted companies have been treated as related companies at 31st October 1991:-

Company	Country of Registration Incorporation and Principal Country of Operation	Issued Shares	Group Holding %	Date of Accounts
Apsley Hotels Limited	England	115,000 'A' shares of £1 each 115,000 'B' shares of £1 each	100 nil	31/12/90
Clyde Maritime Properties Limited	England	100 ordinary shares of £1 each	50	31/12/91
Conest Corp. B.V.	Holland	110,551 shares of Dfl1.25 each	29	31/12/91
Eaton Road Developments Limited	England	4 ordinary shares of £1 each	50	31/ 3/91
Fondedile Foundations Limited	England	20,100 ordinary shares of £1 each	50	31/12/91
Greycoat London Estates Limited	England	50 'A' ordinary shares of £1 each 50 'B' ordinary shares of £1 each	100 nil	30/ 6/91
Greycoat London Estates Investment Limited	England	100 'A' ordinary shares of £1 each 100 'B' ordinary shares of £1 each	100 nil	30/ 6/91
Hunterston Development Company Limited	Scotland	216,360 ordinary shares of 50p each 54,090 'A' ordinary shares of 50p each 54,090 'B' ordinary shares of 50p each 216,360 non-voting ordinary shares of 50p each	43 nil nil 50	30/ 9/91
Kent International Business Park Limited	England	50 'A' ordinary shares of £1 each 50 'B' ordinary shares of £1 each	nil 100	31/ 3/91
Project Management Development Limited	England	50 'A' ordinary shares of £1 each 50 'B' ordinary shares of £1 each	nil 100	31/ 3/91
Retirement Properties Limited	England	100,000 shares of £1 each	25	31/12/90
St Mary-at-Hill Properties Limited	England	100 ordinary shares of £1 each	30	30/ 4/91
Winner Developments Limited	England	3 ordinary shares of £1 each	33	31/12/91

Company

Shares in subsidiary companies at cost £31,097,000 (for details see page 22).

	1991 £000	1990 £000
K Stocks		
Materials and consumables	4,183	4,328
Properties held for development and sale	21,649	27,531
Work in progress	2,283	3,206
	<u>28,115</u>	<u>35,065</u>

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000
L Debtors				
Amounts falling due within one year:				
Contract debtors	38,789	67,820	-	-
Trade debtors	3,461	8,346	-	-
Amounts owed by subsidiary companies	-	-	84,945	25,772
Amounts owed by related companies	1,259	84	8	-
Advances to partnership developments	4,045	26,892	-	-
Interest in joint ventures	4,211	5,425	-	-
Prepayments and accrued income	4,407	6,439	71	-
Other debtors	10,203	9,907	6	5
Taxation	5,123	2,350	-	-
	<u>71,498</u>	<u>127,263</u>	<u>85,030</u>	<u>25,772</u>
Amounts falling due after more than one year:				
Contract debtors	9,340	11,525	-	-
Other debtors	4,847	3,960	-	-
	<u>14,187</u>	<u>15,485</u>	<u>-</u>	<u>-</u>
	<u>85,685</u>	<u>142,748</u>	<u>85,030</u>	<u>25,772</u>
M Investments				
Subsidiary company unsecured loan stock (see Note S)	-	-	-	52,250
Short-term deposits	9,250	5,924	-	-
Certificates of tax deposit	899	6,137	-	-
	<u>10,149</u>	<u>12,061</u>	<u>-</u>	<u>52,250</u>
N Creditors				
Amounts falling due within one year:				
Loans (see Note T)	92	1,176	-	-
Bank overdrafts	16,144	31,711	-	-
Payments received on account	1,376	7,100	-	-
Trade creditors	63,197	100,604	-	-
Amounts owed to subsidiary companies:				
Unsecured loan stock (see Note S)	-	-	-	47,500
Current account	-	-	67,382	27,956
Amounts owed to related companies	514	550	-	-
Accruals and deferred income	8,179	5,291	477	268
Taxation and social security	2,265	16,217	108	79
Other creditors	11,677	11,366	-	-
Proposed dividends	-	505	-	505
	<u>103,649</u>	<u>174,520</u>	<u>67,967</u>	<u>76,308</u>
O Creditors				
Amounts falling due after more than one year:				
Loans (see Note T)	97,610	67,156	21,347	8,277
Trade creditors	4,500	5,590	-	-
Other creditors	600	4,266	-	-
	<u>102,710</u>	<u>77,012</u>	<u>21,347</u>	<u>8,277</u>
	Deferred Taxation £000	Other Provisions £000	Deferred Taxation £000	Other Provisions £000
P Provisions for liabilities and charges				
As at 31st October 1990	1,974	2,790	(1,971)	-
Movement during the year	(1,951)	11,360	1,764	-
As at 31st October 1991	<u>23</u>	<u>14,150</u>	<u>(207)</u>	<u>-</u>
Deferred taxation is in respect of:				
Accelerated capital allowances	544	-	-	-
Other timing differences	(521)	-	(207)	-
Advance corporation tax on dividends	-	-	-	-
	<u>23</u>	<u>14,150</u>	<u>(207)</u>	<u>-</u>

There was no unprovided liability to deferred taxation at the year end other than that referred to in note R below.

Other provisions relate to construction activities and provisions for contingent liabilities on investments and investment properties.

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

Q	Authorised		Allotted and Fully Paid	
	1991 £000	1990 £000	1991 £000	1990 £000
Called up share capital				
8½% (now 6.775% plus tax credit)				
Cumulative preference shares of £1 each	4,750,000	4,750,000	4,750,000	4,750,000
Ordinary shares of £1 each	16,772,034	10,000,000	13,500,954	6,728,920
Capital shares of £1 each	751,855	7,470,426	—	6,718,571
Unclassified shares of £1 each	226,111	279,574	—	—
	<u>£22,500,000</u>	<u>£22,500,000</u>	<u>£18,250,954</u>	<u>£18,197,491</u>

In accordance with the Articles of Association 6,718,571 capital shares were converted during the year and redesignated into a similar number of ordinary shares. Other movements in the authorised and allotted share capital are detailed in the report of the directors on page 4.

R	Capital		Revaluation Reserve £000	Other Reserves £000	Profit and Loss Account £000
	Total £000	Redemption Reserve £000			
Reserves					
Group					
As at 31st October 1990	234,377	4,023	130,697	(3,035)	102,692
Release of plant revaluation reserve on change in basis of accounting policy	(1,537)	—	(11,956)	—	10,419
As restated	<u>232,840</u>	<u>4,023</u>	<u>118,741</u>	<u>(3,035)</u>	<u>113,111</u>
Loss for the year	(72,185)	—	—	310	(72,495)
Revaluation of investment properties	(28,303)	—	(28,303)	—	—
Release to extraordinary items on disposal of investment properties	(2,315)	—	(2,315)	—	—
Net differences on exchange	10,975	—	4,914	6,061	—
As at 31st October 1991	<u>141,012</u>	<u>4,023</u>	<u>93,037</u>	<u>3,336</u>	<u>40,616</u>
Company					
As at 31st October 1990	9,027	4,023	—	—	5,004
Profit for the year	61	—	—	—	61
As at 31st October 1991	<u>9,088</u>	<u>4,023</u>	<u>—</u>	<u>—</u>	<u>5,065</u>
Investment properties					
Group			35,304		
Related companies			57,733		
			<u>93,037</u>		

The revaluation reserve comprises surpluses arising on the revaluation of investment properties and investments in related property companies which if realised at their revalued amounts would give rise to a maximum taxation liability of £16,340,000.

Other reserves comprise undistributable profits and unrealised gains and losses on exchange.

As permitted by Section 239 of the Companies Act 1985 no profit and loss account of the parent company is presented.

S Unsecured loan stock

Interest receivable of £2,612,500 due from a subsidiary company on 31st March 1991 was waived by the Company and interest payable of £2,375,000 due on 31st March 1991 was waived by the Stockholder.

Newarthill p.l.c. and Subsidiary Companies

Notes to the Accounts (continued)

T Loans

The following table provides details of loans to the group. Loans are included in notes N and O under creditors.

	Group		Company	
	1991 £000	1990 £000	1991 £000	1990 £000
Falling due within one year	92	1,176	-	-
Falling due after more than one year	97,610	67,156	21,347	8,277
	97,702	68,332	21,347	8,277

An analysis of the loans is as follows:

Loans to subsidiary companies are secured by charges upon those companies' tangible fixed assets. Interest rates vary between 9.0% p.a. and 14.5% p.a.

United States Dollar:

Repayable 1984-1994 by instalments	236	222	-	-
Repayable 1985-1992 by equal instalments	14	53	-	-
Repayable 1988-1993 by equal instalments	25	24	-	-
Repayable 1982-1996 by equal instalments	112	121	-	-

Australian Dollar:

Repayable 1996	66,368	55,444	-	-
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Sterling:

Repayable 1988-1997 by instalments	-	145	-	-
Repayable 1992	-	470	-	-
Repayable 1991-1994	21,347	8,277	21,347	8,277
Repayable 1994	8,000	-	-	-
Repayable 2003-2004 (50% out of the proceeds of mortgage endowment policies)	-	1,100	-	-
Repayable partially by instalments, commenced 1982, with a final payment of £1,040,000 in 2006	1,600	1,640	-	-
Hire purchase creditor repayable by instalments 1985-1991	-	836	-	-
	97,702	68,332	21,347	8,277

Repayments of the loans fall due:

One year or less	92	1,176	-	-
Between one and two years	6,448	56,009	6,347	-
Between two and five years	23,394	8,534	15,000	8,277
In five years or more	67,768	2,613	-	-
	97,702	68,332	21,347	8,277

U Retirement benefits

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was at 5th April 1989. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that salary increases would be 3.5% higher than investment returns and that pension increases would be 0.5% higher than investment returns. At the date of the latest actuarial valuation, the market value of the scheme's assets amounted to £96 million and was sufficient to cover 136% of the benefits that had accrued to members.

V Supplementary information

1 Australian restructuring

With effect from 1st November 1991 the Group refinanced the debt of its principal Australian subsidiary. Inter company loans of £35.4 million were capitalised and the revised bank facilities incorporated:

- (i) A\$50 million bank bill and overdraft facility to 31st October 1996.
- (ii) A\$100 million interest free Convertible Debentures. These are convertible into ordinary shares in the principal Australian subsidiary between 1994 and 1996 at A\$2 per A\$1 ordinary share or are redeemable at par no later than 31st October 1996 if not previously redeemed by the realisation of the secured assets.
- (iii) A\$100 of interest free Redeemable Convertible Preference Shares. These are redeemable at a premium of A\$790,848 per share on 31st October 1996 or convertible into ordinary shares in the principal Australian subsidiary between 1994 and 1996 at an amount of A\$2 per A\$1 ordinary share based on the cumulative premium at the date of conversion if not previously redeemed.

2 Operating lease commitments by a subsidiary company

Leasehold properties - leases expiring after 5 years £1,154,000 p.a. (1990 £1,078,000 p.a.).

3 Capital commitments by subsidiary companies

- Contracted for but not provided in the financial statements in respect of:
 - (i) building developments £10.2 million (1990 £nil million)
 - (ii) other expenditure £10.1 million (1990 £10.1 million)

4 Contingent liabilities

There were contingent liabilities in respect of:

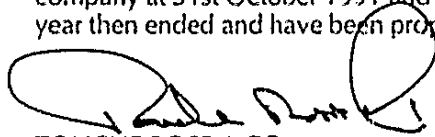
- (a) joint and several guarantees relating to mortgage debentures issued by a related company, up to a maximum of £2.5 million (1990 £3.0 million);
- (b) guarantees of loans and advances to subsidiary and related companies £10.1 million (1990 £20.1 million);
- (c) guarantees of contract performance bonds given in the normal course of business;
- (d) guarantees of performance by subsidiary companies under funding and leasing agreements;
- (e) completed and uncompleted contracts.

Newarthill p.l.c.
and Subsidiary Companies

Report of the Auditors
to the members of Newarthill p.l.c.

We have audited the financial statements on pages 6 to 18 and 22 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 31st October 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TOUCHE ROSS & CO.
Chartered Accountants and Registered Auditor

Hill House
1 Little New Street
London EC4A 3TR
15th April 1992

Newarthill p.l.c. and Subsidiary Companies

Chairman's Review

The unexciting outlook for 1991, which was expected at the time of last year's review for the construction and property sides of the Company, unhappily proved to be extremely optimistic for both activities. Their expectations have been steadily downgraded throughout the year.

Our construction operations again put up a profitable performance, the trading loss being mainly caused by Australian property results. As indicated in our half year statement, a financial reconstruction in Australia has substantially eliminated these on-going losses from the beginning of the current financial year.

The overwhelming feature of our results is the write-down of property values to what we now regard as realistic levels, with our joint venture in Leicester's Haymarket retail scheme the largest component.

The staff have risen to the challenge in a positive manner, to which we have become accustomed in difficult times, and their efforts are recognised and deeply appreciated, and place the Company in a good position to take advantage of better times when they return.

Results and Dividends

There is a pre-tax loss for the year of £42,802,000, after charging an exceptional item provision of £25,000,000 against Haymarket Leicester. There is an extraordinary items charge of £33,463,000, which arises principally from provisions for diminution in value of fixed assets, investments, and properties, and provisions for contingent liabilities.

During the year, ordinary shares were issued to holders of capital shares then in issue in lieu of dividend for 1990 on that class of share. Preference dividends take £322,000, and the Directors do not recommend the payment of an ordinary dividend.

Unlike many other property development companies we have never capitalised interest on development finance and accordingly all interest incurred during the year has been written off in these accounts.

Construction

Last year's review advised that our backlog of uncompleted work was falling and turnover for the year was in the event well down on the previous year's record figure.

Our staff have performed well on the many contracts we worked on during the year, in particular the new £100 million design-and-build Fujitsu micro-chip factory at Newton Aycliffe, which was brought into production ahead of an extremely tight time-scale, and set a world record for such a project. The total refurbishment of the Dorchester Hotel, which we originally built in 1931, was completed. The major reconstruction of the Prudential headquarters in Holborn also involves the "large job" skills in which we excel.

A wide variety of new work was obtained during the year, including repeat orders for Nissan at Washington, the Prudential at Bristol, Arlington at Reading, and the Hawkstone Park leisure complex in Shropshire. Major new contracts in Scotland included the National Library at Edinburgh and Barr and Stroud's new factory at Glasgow.

To replace the dramatic reduction in available commercial property developments we have targeted other work, including both smaller building contracts and a greater percentage of civil engineering work. To this end our Project Development Department has become more involved in transport and waste management projects while continuing its long-standing work in the energy related fields. Our wind-turbine work came to fruition with several bids put in and two orders already obtained. We are engaged in several nuclear decommissioning studies.

Newarthill p.l.c. and Subsidiary Companies

Chairman's Review (*continued*)

The McAlpine Design Group have a heavy involvement in these schemes and again made a major contribution to our year's work, with Sizewell B and Fujitsu providing large project challenges successfully met, as well as the normal run of smaller projects.

Property and Investments

We continued to sell properties into the worsening market, and interest costs for the year were reduced from £18 million to £12 million, while the volume of sales slackened in view of the low level of the market and the more recent general expectation that it was more likely to rise than fall much further.

Developments in hand, both for ourselves and in joint venture, were continued and only a small amount remained outstanding to complete them at the end of the year. Letting of these developments was satisfactory, particularly at Reading Business Park and at the shopping centre in Kirkintilloch.

Australian property remained a virtually suspended market, with hardly any transactions even at the low market levels prevailing. We accordingly arranged a 5-year debt/equity swap for the majority of our Australian borrowings.

Due to the severe depression in U.S. property, our joint venture building on Fifth Avenue, New York, was completed into a market where letting on an acceptable basis was impossible. It was therefore decided to sell it instead and provision has been made for our maximum potential loss. The Florida market was equally affected but two profitable sales were achieved during the year.

John Greenborough

Newarthill p.l.c. and Subsidiary Companies

Subsidiary Companies

The following companies were the main subsidiaries at 31st October 1991 and, except where otherwise stated, were incorporated, registered and operated in England and Wales and were wholly owned.

Direct Subsidiaries:

Sir Robert M ^c Alpine & Sons, Limited	(civil engineering and building)
Brickworth Developments Limited	(property development)
Sir Robert M ^c Alpine & Sons (Trade Investments) Limited	(property and investments)

Other Subsidiaries:

Civil Engineering and Building:

Sir Robert M ^c Alpine & Sons (North Eastern) Limited	
Sir Robert M ^c Alpine & Sons (Wales) Limited	
Sir Robert M ^c Alpine & Sons (Yorkshire) Limited	
Sir Robert M ^c Alpine Construction Management Limited	
Sir Robert M ^c Alpine Management Contractors Limited	
M ^c Alpine Limited	Cayman Islands
Lee Constructions Limited	

Property and Investments:

Abacus Developments Limited	
Abacus Investments Limited	
Australian City Properties Limited	Australia
Colguy Holdings Limited	
Herbrand Investments Limited	
Hyde Park Management Pty. Limited	Australia
M ^c Alpine Park Lane Inc.	USA
Marchmont Properties Limited	
River Road Investments Limited	
Seville Holdings Limited	Cayman Islands
Two Parks Development Limited (90%)	

Other Activities:

M ^c Alpine Helicopters Limited	
M ^c Alpine HumberOak Group Limited	Scotland
Operational Support Services Limited	

Newarthill p.l.c.

FORM OF PROXY

I/We of being (a) Member(s) of Newarthill p.l.c. hereby appoint Sir John Hedley Greenborough or, failing him, Sir Robin M'Alpine or, failing him, Malcolm H D M'Alpine, all directors of the Company, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th May 1992 and at any adjournment thereof. Please indicate with an X in the spaces provided how you wish your votes to be cast on the resolutions specified.

Ordinary Business		For	Against
1	To adopt the Directors' Report and Financial Statements for the year ended 31st October 1991.		
2(i)	To re-elect Sir John Hedley Greenborough, a director.		
2(ii)	To re-elect Kenneth M'Alpine, a director.		
3	To reappoint Touche Ross & Co. as Auditors of the Company and to authorise the directors to fix their remuneration.		
Special Business			
4	To authorise the Company to make market purchases of not more than 650,000 ordinary shares.		

In the absence of any specific direction the proxy will vote or abstain as he thinks fit.

Signed this day of 1992

Name in BLOCK CAPITALS.....

Signature

Notes:

- (1) In the case of joint holders the signature of any one joint holder is sufficient
- (2) To be valid this proxy must reach the Transfer Office of the Company at PO Box 124, 57 Queen Street, Glasgow G1 3BR not later than 12.30 p.m. on 26th May 1992
- (3) If you wish to appoint a proxy other than those named above please delete their names, insert the name of your proxy in the space provided and initial it
- (4) If the appointor is a corporation this proxy may be executed under its common seal, or under the hand of an officer of the corporation so authorised

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BUSINESS REPLY SERVICE
Licence No GW 5867

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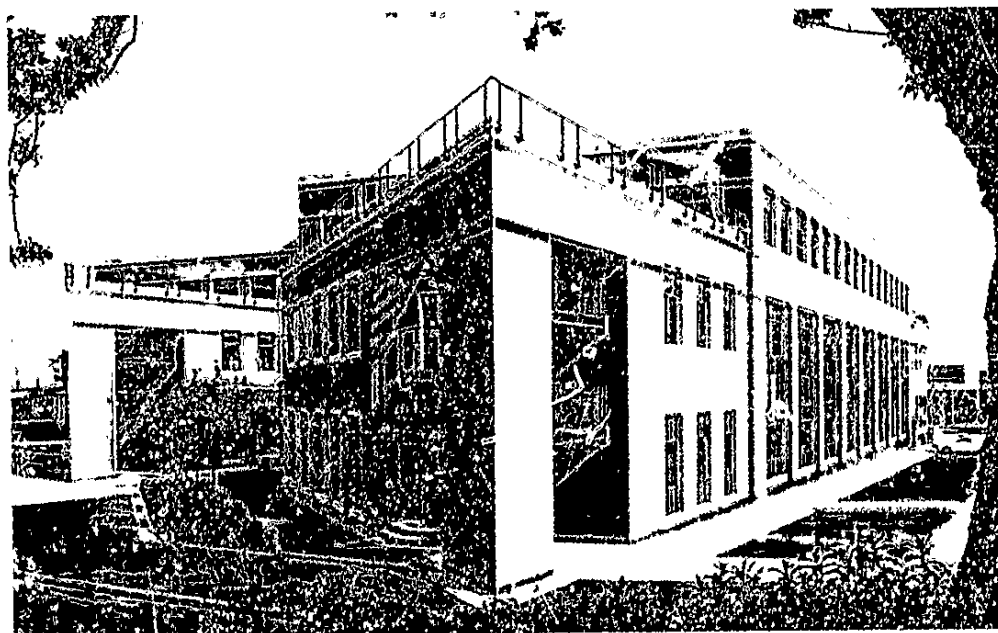
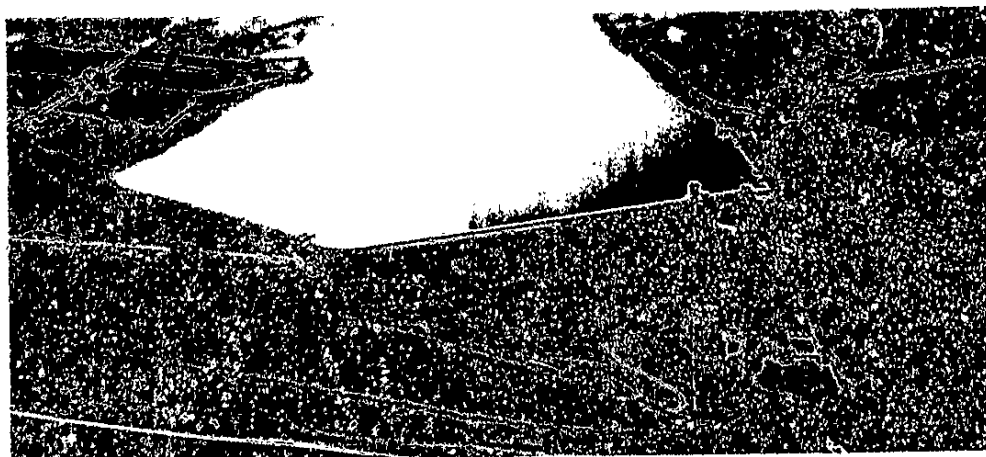


CLYDESDALE BANK PLC,
CORPORATE INVESTMENT SERVICES,
PO BOX 124,
57 QUEEN STREET,
GLASGOW G1 3BR

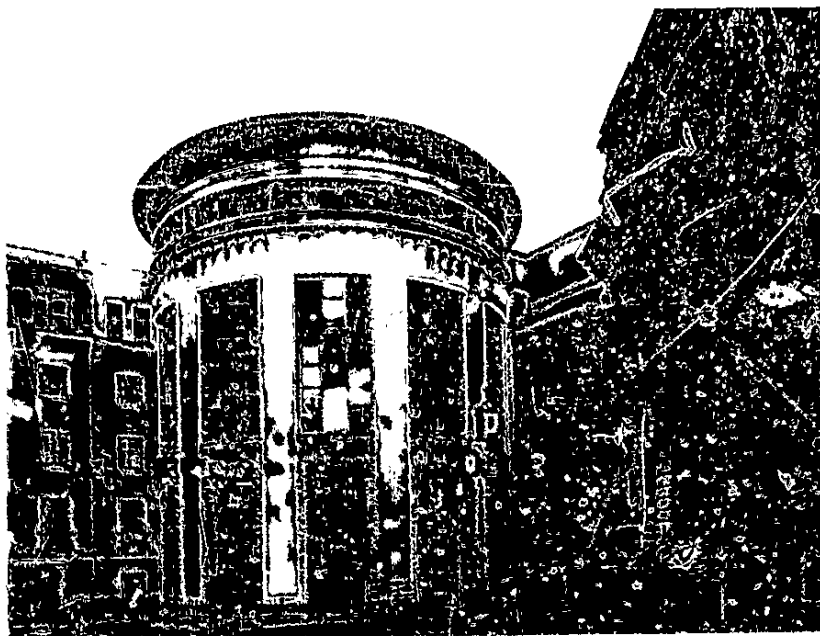
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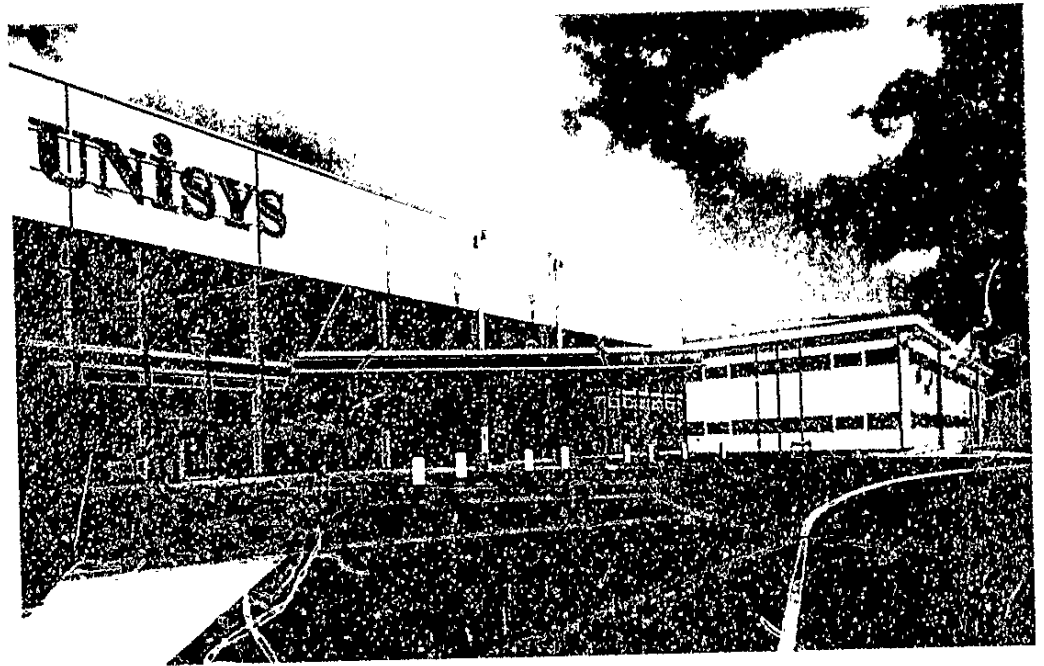
Gras Dolme Reservoir,
Co Durham



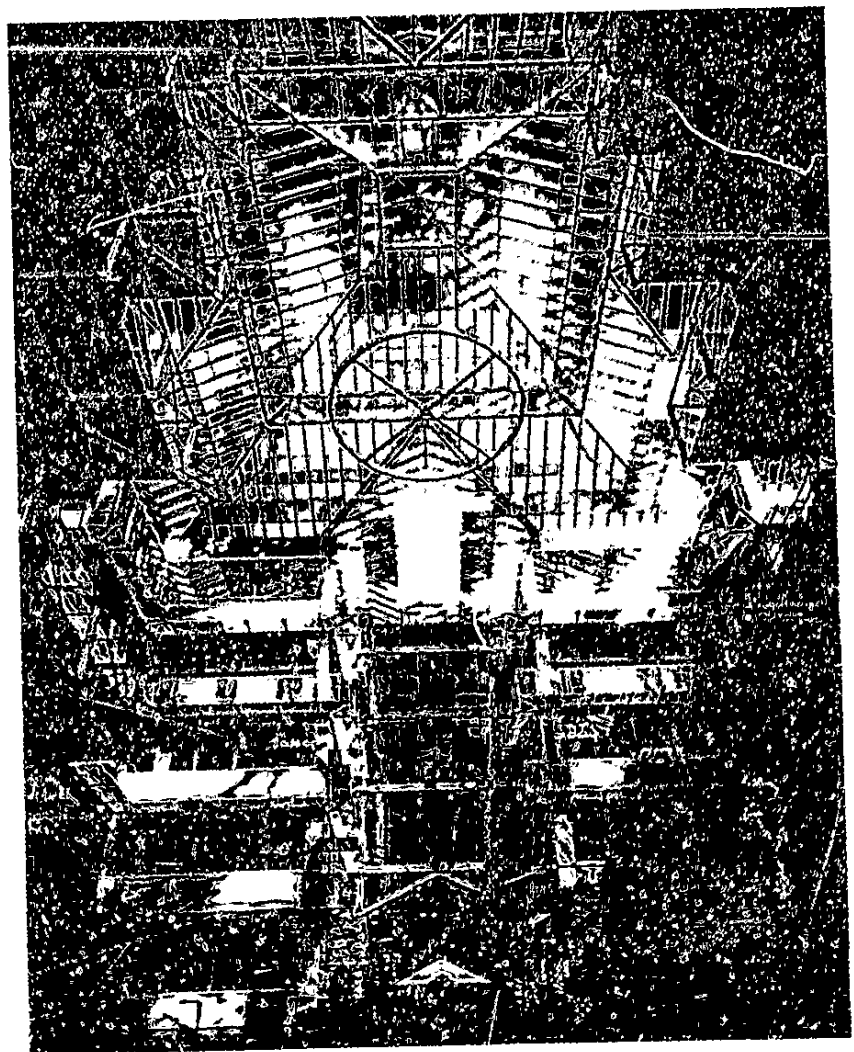
Aztec 2000,
Aztec West
Business Park,
Bristol



Royal Albert Hall,
London



Unisys, Milton Keynes



Unisys, Milton Keynes