

**NEWARTHILL LIMITED**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2012**



**Registered in England and Wales Number. 1050970**

# NEWARTHILL LIMITED

## REPORT OF THE DIRECTORS

Directors                Ian M McAlpine MA  
                              The Hon David M McAlpine  
                              Cullum McAlpine

Secretary               R P Walker BA, FCCA

The directors present their annual report together with the audited financial statements of the group for the year ended 31<sup>st</sup> October 2012

### Principal Activities

The business of the group is that of civil engineering and building contractors

### Review of the Business

The profit on ordinary activities before taxation of the group was £20.5m compared with £20.1m in 2011. Group turnover including share of joint ventures was £769m (2011: £845m).

The directors manage and monitor the performance of the group using various measures including operating and pre-tax profit, turnover and cash flow on a group and divisional basis (see pages 5, 8 and 12 of this report).

### Construction

In a difficult market our construction company continued its strategy of pursuing work where margins adequately reflected the inherent risks of the project and where our skills and experience can differentiate us from our competitors. The result of this approach is another successful year and continued confidence in the future operations of the company. A number of opportunities particularly in London and the South East will lead to an increase in turnover in 2013 and this improvement is expected to continue beyond 2013 with our order book also increasing. Turnover of £687m remains concentrated in the commercial, residential, leisure, education and infrastructure sectors.

Our construction work came to an end at the Olympic Park with the completion of Project Orbit in June 2012. However we continued to provide facilities management services to the main Stadium during the highly successful Olympic and Paralympic events.

Other notable contracts that were completed during the year included the Emirates Arena and Sir Chris Hoy Velodrome in preparation for the 2014 Glasgow Commonwealth Games, teaching and other facilities for Exeter and York Universities and the Knightsbridge Hotel in London. We continue to work on a number of large scale Construction Management contracts including the completion of Quadrant 3 for the Crown Estates and the commencement of work on Bloomberg Place, the new Central London headquarters for Bloomberg.

### Capital Ventures

Construction continued on the US\$283m Bermuda Hospital PPP and we have recently been awarded preferred bidder on the City of Glasgow College new campus project worth approximately £180m.

### Property Development and Investments

Due to the current economic climate, activity within the property development and investments side of the business has remained subdued, although the small number of property development sales during the year did generate net profits. A number of properties incurred write downs totalling £2.2m, in order to bring them into line with current market valuations.

### Taxation

The effective rate of tax for the group is 26.2%.

### Cash and Borrowings

The group continues to have substantial cash balances with cash and short term deposits totalling £267m. Total borrowings of the group were £131m, of this £127m represents non-recourse debt in our PPP special purpose vehicles.

### Outlook

Although the United Kingdom construction market remains challenging, our strong balance sheet, stable and significant cash balances combined with negligible borrowing (other than in our non-recourse PPP SPVs) continue to leave the group in an excellent position to exploit profitable opportunities as they arise.

### Principal Risks and Uncertainties

**Management of major contracts and construction risk** The risks that the group are exposed to depend on the size and complexity of the project together with the legal form of the contract. The development and retention of high quality staff is vital to the success of our business and the effective operation of our risk procedures.

**Interest Rate and Financial Instrument Risks** The group carries no significant debt other than non-recourse borrowing in project companies. Interest rate risk in those project companies is managed by interest rate swaps or fixed rate borrowing.

**Treasury Risk Management** Foreign currency exposure in trading activities is mitigated by entering into forward exchange rate contracts. The group reviews its cash and investments on a regular basis.

**Market Price Risk** The risks relating to listed investments are reduced by way of maintaining a diversified portfolio.

# NEWARTHILL LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### Directors

The directors served throughout the year and remain in office

### Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. More information is provided in note 1 to the Financial Statements.

### Dividends

The directors do not recommend payment of a final dividend (2011 £nil)

### Employees

The group provides information to its employees both of a general company nature and to encourage awareness of financial and economic factors which affect the group.

It is group 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 group endeavours to continue their employment provided there are duties they can perform despite their disabilities.

It is also group policy that there should be equal opportunities in the area of employment without discrimination.

### Environmental Issues

The group is committed to identifying and complying with all applicable legislation and statutory controls in accordance with our ISO 14001 accredited Environmental Management System.

### Indemnity Provision

Third party indemnity provisions made by the company were in force during the year for the benefit of the directors of the company and the directors of the company's subsidiaries.

### Charitable and Political Donations

Donations for charitable purposes amounted to £805,000 (2011 £1,100,000) and political donations amounted to £2,500 (2011 £2,500) payable to the Conservative Party.

### Payments to Creditors

The group agrees terms and conditions for business transactions with its suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier.

During the year to 31<sup>st</sup> October 2012 the group paid its suppliers of goods and services and subcontractors on average within 31 days (2011 31 days) of receipt of invoice or certification. This average excludes amounts not currently due for payment but included within trade creditors.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed re-appointed as auditor in the absence of an annual general meeting.

Approved by the Board and signed on its behalf by



R P Walker  
Secretary

Registered Office  
40 Bernard Street  
London  
WC1N 1LG

21st FEBRUARY 2013

## NEWARTHILL LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## NEWARTHILL LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWARTHILL LIMITED

We have audited the Group and Company financial statements of Newarthill Limited for the year ended 31 October 2012 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group note of historical cost profits and losses, the Group and Company balance sheets, the Group cash flow statement and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all of the financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we became aware of any apparent material misstatements or inconsistencies we considered the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the parent company's and the group's affairs as at 31 October 2012 and of the profit of the group for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Andrew Clark FCA

Andrew Clark (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

21 February 2013

# NEWARTHILL LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 October 2012

	Notes	2012 £000	2011 £000
Total turnover including share of joint ventures	2	769,338	845,484
Less share of joint ventures' turnover		(36,903)	(56,670)
Group turnover		732,435	788,814
Cost of sales		(682,767)	(724,564)
Gross profit		49,668	64,250
Administrative expenses		(28,286)	(38,764)
Group operating profit	3	21,382	25,486
Share of operating profit in joint ventures	4	15,306	10,466
Share of operating (loss)/profit in associates		(2)	7
Operating profit including joint ventures and associates	2	36,686	35,959
Profit/(loss) on sale of investments and properties		3,135	(43)
Amounts written off investments		(2,592)	(500)
Profit on ordinary activities before finance income/(charges)		37,229	35,416
Finance income/(charges) (net)			
Group		1,541	4,428
Joint ventures		(18,236)	(19,728)
	5	(16,695)	(15,300)
Profit on ordinary activities before taxation		20,534	20,116
Tax on profit on ordinary activities	6	(5,371)	(9,530)
Profit on ordinary activities after taxation		15,163	10,586
Minority interest	19	3	3
Profit on ordinary activities after taxation and minority interests	21 22	15,166	10,589
All turnover and operating profit relate to continuing operations			

## NEWARTHILL LIMITED

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 October 2012

	Notes	<u>2012</u> £000	<u>2012</u> £000	<u>2011</u> £000
Profit on ordinary activities after taxation and minority interests			15 166	10,589
Unrealised (deficit)/surplus on revaluation of investment properties	9	(700)		1 000
Unrealised exchange gain/(loss) on foreign currency net investments		94		(780)
Net actuarial losses on pension and medical schemes	27	(10,817)		(22,237)
Deferred tax on net actuarial losses on pension and medical schemes	27	2,138		5,776
		<hr/>		
Other recognised gains and losses relating to the year			(9,285)	(16 241)
Total recognised gains and losses relating to the year			<hr/> 5,881 <hr/>	<hr/> (5,652) <hr/>

### GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 October 2012

	<u>2012</u> £000	<u>2011</u> £000
Profit on ordinary activities before taxation	20 534	20 116
Difference between the historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	(256)	(114)
Historical cost profit on ordinary activities before taxation	<hr/> 20,278 <hr/>	<hr/> 20,002 <hr/>
Historical cost profit for the year after taxation minority interests and dividends	<hr/> 14,910 <hr/>	<hr/> 10 475 <hr/>

# NEWARTHILL LIMITED

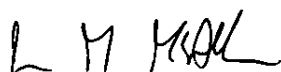
## BALANCE SHEETS AS AT 31 OCTOBER 2012

		Group		Company	
	Notes	2012 £000	2011 £000	2012 £000	2011 £000
<b>FIXED ASSETS</b>					
Intangible assets - goodwill	8	10,650	11,534	-	-
Tangible assets	9	40,853	43,661	-	-
Investments in joint ventures					
Share of gross assets		270,314	249,823	-	-
Share of gross liabilities		(260,582)	(239,090)	-	-
	10	9,732	10,733	-	-
Investments in associates	11	173	77	-	-
Other fixed asset investments	12	45,616	34,725	82,743	83,024
		<u>107,024</u>	<u>100,730</u>	<u>82,743</u>	<u>83,024</u>
<b>CURRENT ASSETS</b>					
Stocks	13	51,572	54,184	-	-
Debtors - due within one year	14	123,073	106,264	121,819	151,630
- due after more than one year	14	168,094	174,028	-	-
Cash and deposits	15	266,675	301,157	26,550	77,389
		<u>609,414</u>	<u>635,633</u>	<u>148,369</u>	<u>229,019</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	(283,377)	(317,046)	(186,371)	(265,016)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>326,037</u>	<u>318,587</u>	<u>(38,002)</u>	<u>(35,997)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>433,061</u>	<u>419,317</u>	<u>44,741</u>	<u>47,027</u>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	(182,095)	(177,705)	-	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	(28,823)	(36,214)	-	-
<b>MINORITY INTEREST</b>	19	180	177	-	-
		<u>(210,738)</u>	<u>(213,742)</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS EXCLUDING PENSION AND MEDICAL SCHEME LIABILITIES</b>		<u>222,323</u>	<u>205,575</u>	<u>44,741</u>	<u>47,027</u>
<b>PENSION AND MEDICAL SCHEME LIABILITIES</b>	27	(32,163)	(20,977)	(1,195)	(388)
<b>NET ASSETS</b>	2	<u>190,160</u>	<u>184,598</u>	<u>43,546</u>	<u>46,639</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20	7,218	7,243	7,218	7,243
Capital redemption reserve	21	15,056	15,031	15,056	15,031
Revaluation reserve	21	5,905	6,605	-	-
Other reserves	21	4,096	4,002	-	-
Profit and loss account	21	157,885	151,717	21,272	24,365
<b>SHAREHOLDERS' FUNDS</b>	22	<u>190,160</u>	<u>184,598</u>	<u>43,546</u>	<u>46,639</u>

Registered in England and Wales Number 1050970

These financial statements were approved by the Board of Directors and authorised for issue on 21 February 2013

They were signed on its behalf by



Ian M McAlpine MA

Director

# NEWARTHILL LIMITED

## GROUP CASH FLOW STATEMENT

Year ended 31 October 2012

	Notes	2012 £000	2011 £000
Net cash flow from group operating activities (see below)		(18,332)	94,038
Dividends received from joint ventures and associates		195	1,511
Returns on investments and servicing of finance	25(a)	3,205	5,021
Taxation		(4,154)	(7,423)
Capital expenditure and financial investment	25(a)	(10,626)	3,947
Acquisitions and disposals	25(a)	(88)	(12,409)
Cash flow before management of liquid resources and financing		(29,800)	84,685
Management of liquid resources	25(b)	25,332	(31,887)
Financing	25(a)	(4,682)	(11,962)
Net movement in cash in the year		(9,150)	40,836
Reconciliation of group operating profit to group operating cash flows			
Operating profit		21,382	25,486
Depreciation charges		3,919	4,180
Amortisation charges		984	997
Pension credits		1,491	1,002
Profit on sale of fixed assets		(342)	(701)
Decrease in stocks		2,862	3,898
(Increase)/decrease in debtors		(14,348)	33,566
(Decrease)/Increase in creditors		(26,215)	16,407
(Decrease)/increase in provisions		(8,065)	9,203
Net cash flow from group operating activities		(18,332)	94,038
Reconciliation of net cash flow to movement in net funds			
Net movement in cash in the year		(9,150)	40,836
Cash flow from decrease in debt and lease financing		4,363	11,962
Cash flow from management of liquid resources		(25,332)	31,887
Loans acquired following purchase of subsidiary		-	(32,006)
Changes in net funds resulting from cash flows		(30,119)	52,679
Exchange movements		-	528
Movement in net funds in the year		(30,119)	53,207
Net funds at the start of the year		165,882	112,675
Net funds at the end of the year	25(b)	135,763	165,882

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 1 ACCOUNTING POLICIES

The group's financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies as adopted by the directors and which are described below have been applied consistently throughout the current and preceding financial years.

#### 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.

#### Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the group is set out in the Group Balance Sheet and the accompanying notes to the financial statements. The group's cash and borrowings positions are set out in the Directors' Report and notes 15, 23 and 25 to the financial statements. A description of the group's management of interest rate risk and treasury risk are also set out in the Directors' report.

The group has considerable financial resources and carries no significant debt other than non-recourse borrowing in project companies. The core construction operations of the group are characterised by long term contracts and the level of activity in relation to these contracts is secure into the foreseeable future. As a consequence the directors believe that the group will be able to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

#### Basis of consolidation

The group's financial statements incorporate the assets and liabilities of all subsidiaries as at 31<sup>st</sup> October 2012 and their results for the year ended on that date.

On acquisition the fair value of net assets is assessed. The difference between the price paid for new interests and the fair value of net assets acquired is capitalised as goodwill and amortised over its useful economic life not exceeding 20 years.

Goodwill arising on acquisitions completed prior to 1<sup>st</sup> January 1998 (the date on which the requirements of Financial Reporting Standard No. 10 Goodwill and Intangible Assets, came into effect) was either written off directly to reserves or capitalised and amortised to the profit and loss account over its useful economic life.

The group's cumulative share of post acquisition reserves in joint ventures has been taken from the most recent audited financial statements of the companies concerned and where the audited financial statements are non-coterminous and cover a year ended before 31<sup>st</sup> October 2012 from subsequent unaudited management accounts and include adjustments to reflect group accounting policies. Joint ventures are those companies in which the group has a participating interest and exercises joint control over their management.

#### Joint arrangements

In accordance with Financial Reporting Standard No. 9 Associates and Joint Ventures (which requires departure from the Companies Act 2006) the group accounts for its joint arrangements by taking its share of the profit and loss account, assets, liabilities and cash flows on a proportionate consolidation basis.

#### Joint ventures

Shares in joint ventures are accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of pre-tax profits and attributable taxation of the joint ventures based on the financial statements and latest management accounts.

In the consolidated balance sheet, the investments in joint ventures are shown as the group's share of gross assets and gross liabilities.

#### Associates

Associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the associate's profits less losses while the group's share of net assets is shown within the consolidated balance sheet.

#### Accounting for PPP contracts

Under Financial Reporting Standard No. 5, Reporting the Substance of Transactions, where a finance debtor is recognised, the debtor is repaid over the life of the concession and revenue is apportioned between a deemed interest income and turnover. This deemed interest income is based upon the value of the finance debt outstanding and is included within turnover and operating profit, although disclosed separately.

Turnover in relation to life cycle costs is recognised in proportion to the costs incurred and expected to be incurred over the contract period.

#### Foreign currencies

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.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange. The differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long term foreign currency borrowings are taken directly to reserves.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 1 ACCOUNTING POLICIES (CONTINUED)

#### Turnover

Turnover represents the value of work carried out and services supplied to clients of the group during the year including the group's share of turnover in joint ventures and gross property income. Construction turnover includes variations in contract work where the variations have been certified and includes claims where the claims have been paid. Profit is recognised on long term contracts when the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

#### Cost of sales

Included within cost of sales are provisions against future losses.

#### Investment properties

Investment properties are revalued annually and no depreciation is provided. Any fall in value below original cost which is expected to be permanent is taken to the profit and loss account. Increases in value up to the original cost are taken to the profit and loss account and increases above original cost are taken to the revaluation reserve.

The Companies Act 2006 requires all properties to be depreciated. However, the requirements conflict with the generally accepted accounting principle set out in SSAP 19, Accounting for Investment Properties. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or at valuation (as at the date of the implementation of Financial Reporting Standard No. 15 Measurement of Tangible Fixed Assets) net of depreciation and less any provision for impairment.

#### Depreciation

Plant and equipment are depreciated over their estimated useful economic lives at declining rates based on their written down values or on a straight line basis. The rates vary between 5% and 60% per annum.

Buildings occupied for trading purposes are written off on a reducing balance basis at rates of either 5% or 10% per annum. Leases are written off in equal annual instalments over the remainder of the lease. No depreciation is provided on investment properties and freehold land.

#### Investments

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

#### Stocks

Stocks of materials and consumables have been valued at the lower of cost and net realisable value.

Long term contract balances represent costs incurred net of amounts transferred to cost of sales and less any foreseeable losses.

Properties held for development and sale are stated at the lower of cost and net realisable value. The costs consist of construction costs and other costs specifically related to the development other than interest, which is written off to the profit and loss account.

#### Amounts recoverable on contracts

This represents the amounts due on contracts in accordance with SSAP 9, Stocks and Long term Contracts.

#### Bank loans

Loans are recorded net of direct issue costs which are written off to the profit and loss account over the life of the debt.

#### Operating leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the life of the lease.

## NEWARTHILL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### **Financial instruments**

Subsidiaries and joint ventures use derivative financial instruments to reduce exposure to interest rates movements. They do not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the period of the contract.

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial Reporting Standard No. 19, Deferred Tax, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. The standard requires that deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Retirement benefits**

The expected costs to the group of pensions in respect of defined benefit pension schemes and post-retirement healthcare (notes 26 - 28) are charged each year to the profit and loss account so as to spread the cost of pensions and post-retirement healthcare over the service lives of employees in the schemes. These schemes are accounted for in accordance with Finance Reporting Standard No. 17, Retirement Benefits.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 2 SEGMENTAL ANALYSIS

	Turnover		Operating profit/(loss)	
	2012 £000	2011 £000	2012 £000	2011 £000
Turnover and operating profit/(loss)				
<u>Business segment</u>				
Contracting	687,072	742,856	12,268	19,168
Property	5,138	8,634	(2,418)	(5,003)
Property - joint ventures and associates	4,520	4,560	(125)	(878)
PPP concessions	40,225	37,324	12,898	12,383
PPP concessions - joint ventures	32,383	52,110	14,063	10,289
	<u>769,338</u>	<u>845,484</u>	<u>36,686</u>	<u>35,959</u>
<u>Geographical segment (by origin)</u>				
United Kingdom	694,703	771,896	26,319	29,702
United Kingdom - joint ventures and associates	33,215	53,036	14,167	12,508
USA and Caribbean	37,732	16,918	(3,570)	(3,154)
USA and Caribbean - joint ventures	141	279	(144)	(2,406)
Europe and Asia - joint ventures	3,547	3,355	(86)	(691)
	<u>769,338</u>	<u>845,484</u>	<u>36,686</u>	<u>35,959</u>

All segments relate to continuing operations. The operating profit/(loss) and the net assets analyses are shown after the allocation of overheads to the individual segments. Turnover by destination is not materially different from turnover by origin.

Included within PPP concessions turnover and operating profit is £13,425,000 (2011: £12,503,000) of PPP deemed interest and included within PPP concessions - joint venture turnover and operating profit is £13,120,000 (2011: £13,198,000) of PPP deemed interest. All PPP deemed interest is generated within the United Kingdom.

<u>Net assets</u>	2012 £000	2011 £000		2012 £000	2011 £000
<u>Business segment</u>			<u>Geographical segment</u>		
Contracting	(144,311)	(204,235)	United Kingdom	(101,063)	(135,802)
Property	106,553	116,776	United Kingdom - joint ventures	(41,539)	(40,449)
Property - joint ventures and associates	(8,011)	(7,094)	and associates		
PPP concessions	(44,345)	(30,436)	USA and Caribbean	23,673	24,871
PPP concessions - joint ventures	(22,488)	(18,099)	USA and Caribbean - joint ventures	7,261	9,833
			Europe and Asia	(934)	(1,541)
	<u>(112,602)</u>	<u>(143,088)</u>		<u>(112,602)</u>	<u>(143,088)</u>
Investments	45,616	34,725	Investments	45,616	34,725
Taxation	(9,529)	(8,196)	Taxation	(9,529)	(8,196)
Net cash and short term deposits	266,675	301,157	Net cash and short term deposits	266,675	301,157
	<u>190,160</u>	<u>184,598</u>		<u>190,160</u>	<u>184,598</u>

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 3 GROUP OPERATING PROFIT

	2012 £000	2011 £000
Group operating profit is stated after charging/(crediting)		
Depreciation - owned assets	3,917	4 176
- leased assets	2	4
Amortisation of goodwill	984	917
Goodwill written off	-	80
Operating leases	2,837	2 924
Payments to defined contribution pension schemes	1 603	1,472
Profit on disposal of fixed assets	(342)	(701)
Plant hire and leasing	6 047	3,826
Fees payable to the company's auditor for the audit of the company's annual accounts	36	36
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries pursuant to legislation	204	250
Total audit fees	240	286
Other services pursuant to legislation		
Tax services	40	35
Other consultancy	3	49
Total non-audit fees	43	84
Fees payable to the company's auditor in respect of the audit of the associated pension schemes	18	17

### 4 SHARE OF OPERATING PROFIT IN JOINT VENTURES

	2012 £000	2011 £000
Operating profit/(loss)	2,186	(2 732)
PPP deemed interest	13,120	13,198
	15,306	10,466

### 5 FINANCE INCOME/(CHARGES) (NET)

	2012 £000	2011 £000
Interest receivable and similar income		
Income from listed investments	829	756
Income from unlisted investments	2,031	1,122
Interest receivable and similar income	7 933	10,000
Share of interest receivable by joint ventures	350	283
	11 143	12 161
Interest payable and similar charges		
Bank loans and overdrafts	(7,414)	(6,691)
Other loans	(174)	(166)
Share of interest payable by joint ventures	(18 586)	(20,011)
	(26,174)	(26 868)
Other finance charges - pension and post retirement medical schemes	(1 664)	(593)
	(16 695)	(15 300)

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
Charge on the profit for the year		
Current year		
United Kingdom Corporation Tax	5,680	9,469
Overseas taxation	7	6
Group's share of taxation of joint ventures	783	(1 268)
Group's share of taxation of associate	2	-
Total current year tax	6 472	8 207
Prior year adjustments		
United Kingdom Corporation tax	(83)	(176)
Group's share of taxation of joint ventures	(25)	(6)
Total prior year adjustments	(108)	(182)
	6,364	8,025
Deferred tax charge		
Origination and reversal of timing differences	(159)	1 505
Group's share of joint ventures - origination and reversal of timing differences	(834)	-
	(993)	1,505
	5,371	9 530
Factors affecting the tax charge for the current year		
	2012 £000	2011 £000
Profit on ordinary activities before taxation	20,534	20,116
United Kingdom Corporation Tax at 24.83 % (2011: 26.83%)	5,099	5,398
Disallowable expenditure	1,963	2,342
Non-taxable income	(1 009)	(16)
Depreciation in excess of capital allowances	(105)	(365)
Overseas taxation - differences in tax rates	645	1 658
Losses utilised	(32)	(14)
Prior year adjustments	(108)	(182)
Other timing differences	(89)	(796)
	6,364	8,025

Deferred tax assets have not been recognised by the group in respect of depreciation in excess of capital allowances short term timing differences and additional losses as there is insufficient evidence that the assets will be recovered. Deferred tax assets which were recognised are shown in note 14 and are included within Debtors. Amounts falling due after more than one year. The amount of the assets not recognised is £1,648,000 (2011: £2 186,000). The assets will be recovered if there are sufficient taxable profits in future years. There were no unrecognised deferred tax assets in relation to the company (2011: £nil).

The unprovided deferred tax asset is analysed as follows:

Group	2012 £000	2011 £000
Depreciation in excess of capital allowances	1,215	1 512
Short term timing differences	106	118
Losses	327	556
	1 648	2 186

There were no unrecognised deferred tax liabilities (2011: £nil).

The United Kingdom corporation tax rate was reduced from 26% to 24% with effect from 1<sup>st</sup> April 2012 and from 24% to 23% with effect from 1<sup>st</sup> April 2013.

The £3 135,000 of profits on disposal of investments and properties are not expected to result in a tax charge due to available capital losses.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>2012</u> £000	<u>2011</u> £000
<b>Directors</b>		
Aggregate emoluments of the directors of the company	2 374	5,125
Salaries and taxable benefits	-	122
Pensions	2 374	5,247
	<u>2 374</u>	<u>5,247</u>
	<u>2012</u> £000	<u>2011</u> £000
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	103,161	106 931
Social security costs	10 794	11,014
Other pension costs	5,619	5,123
	<u>119 574</u>	<u>123,068</u>
	<u>2012</u>	<u>2011</u>
Average number employed during the year including directors	1,963	1 956
	<u>2012</u>	<u>2011</u>
Emoluments of the highest paid director were as follows		
Aggregate emoluments excluding pension contributions	£823,953	£1 620,652

There were no retirement benefits accruing to directors under defined benefit schemes (2011 three)

There was no pension benefits accruing to the highest paid director (2011 £239 708)

### 8 INTANGIBLE FIXED ASSETS - GOODWILL

<u>Group</u>	<u>Net Book</u> <u>Value</u> £000	<u>Goodwill</u> £000	<u>Amortisation</u> £000
As at 1 <sup>st</sup> November 2011	11,534	19,485	(7,951)
Additions during the year (see below)	100	100	-
Amortisation charge in the year	(984)	-	(984)
As at 31 <sup>st</sup> October 2012	<u>10,650</u>	<u>19,585</u>	<u>(8 935)</u>

In February 2012, a wholly owned subsidiary purchased 50% of the shares in Red Kite Securities Limited for £100,000. At the time Red Kite Securities Limited had no assets other than its share capital of £100. Purchasing 50% of these shares therefore generated goodwill of £99 950.

Goodwill is amortised over the expected useful economic lives which range from 10 to 20 years.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 9 TANGIBLE FIXED ASSETS

#### Group

	<u>Total</u> £000	<u>Investment</u> <u>properties</u> £000	<u>Land and</u> <u>buildings</u> £000	<u>Other</u> <u>plant and</u> <u>equipment</u> £000
Cost or valuation				
As at 1 <sup>st</sup> November 2011	99,863	19,300	22,890	57,673
Exchange rate adjustment	17	-	6	11
Revaluation	(750)	(750)	-	-
Additions	3,951	-	751	3,200
Disposals	(14,724)	-	(3,473)	(11,251)
As at 31 <sup>st</sup> October 2012	<u>88,357</u>	<u>18,550</u>	<u>20,174</u>	<u>49,633</u>
Depreciation				
As at 1 <sup>st</sup> November 2011	56,202	-	10,504	45,698
Exchange rate adjustment	10	-	2	8
Charge for the year	3,919	-	191	3,728
Disposals	(12,627)	-	(2,292)	(10,335)
As at 31 <sup>st</sup> October 2012	<u>47,504</u>	<u>-</u>	<u>8,405</u>	<u>39,099</u>
Net book value as at 31 <sup>st</sup> October 2012	<u>40,853</u>	<u>18,550</u>	<u>11,769</u>	<u>10,534</u>
Net book value as at 31 <sup>st</sup> October 2011	<u>43,661</u>	<u>19,300</u>	<u>12,386</u>	<u>11,975</u>
At cost	22,303	-	11,769	10,534
At valuation	18,550	18,550	-	-
	<u>40,853</u>	<u>18,550</u>	<u>11,769</u>	<u>10,534</u>
Comparable historical costs	82,604	12,797	20,174	49,633
Comparable historical depreciation	50,309	2,792	8,418	39,099
	<u></u>	<u></u>	<u>£000</u>	<u></u>
The net book value of land and buildings comprises				
Freehold			11,599	
Long leasehold			170	
			<u>11,769</u>	

The wholly owned investment properties, which are all situated in the United Kingdom, were revalued as at 31<sup>st</sup> October 2012 by the directors based upon internal recommendations made by qualified chartered surveyors and based on market values. This resulted in a net deficit of £750,000, of which £700,000 has been taken to the Revaluation Reserve and the balance taken to the Profit and Loss Account and included within Amounts written off investments (2011 net surplus of £975,000, of which £1,000,000 was taken to the Revaluation Reserve and the off-setting balance was taken to the Profit and Loss Account).

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 10 INVESTMENTS IN JOINT VENTURES

<u>Group</u>	<u>Total</u> £000	<u>Share of Net</u> <u>Assets/(Liabilities)</u> £000	<u>Joint Venture</u> <u>Loans</u> £000
Cost and net book value			
As at 1 <sup>st</sup> November 2011	10 733	(22,616)	33,349
Exchange rate adjustment	17	16	1
Movement on reserves	(3,050)	(3,050)	-
Disposal	1 255	1 255	-
Increase in loans	2,338	-	2,338
Repayment of loans	(459)	-	(459)
Loans written off	(1,102)	-	(1,102)
As at 31 <sup>st</sup> October 2012	<u>9,732</u>	<u>(24,395)</u>	<u>34,127</u>
Made up from			
Shares		17 323	
Share of pre-acquisition reserves		(65)	
Share of post acquisition reserves		(41,653)	
		<u>(24 395)</u>	

The gross assets and liabilities are as follows

	<u>2012</u> £000	<u>2011</u> £000
Fixed assets	19,995	20,431
Current assets	250 319	229,392
Liabilities due within one year	(17,544)	(15,591)
Liabilities due after more than one year	(243,038)	(223 499)
	<u>9,732</u>	<u>10,733</u>

### 11 INVESTMENTS IN ASSOCIATES

	<u>Total</u> £000	<u>Share of Net</u> <u>Assets/(Liabilities)</u> £000	<u>Associate</u> <u>Loans</u> £000
As at 1 <sup>st</sup> November 2011	77	27	50
Share of retained losses	(4)	(4)	-
Increase in loans	100	-	100
As at 31 <sup>st</sup> October 2012	<u>173</u>	<u>23</u>	<u>150</u>

The investment consists of a 20% holding in Walton Wagner Limited

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 12 OTHER FIXED ASSET INVESTMENTS

<u>Group</u>	<u>Total</u> <u>£000</u>	<u>Listed and</u> <u>Unlisted</u> <u>Securities</u> <u>£000</u>	<u>Other</u> <u>Loans</u> <u>£000</u>
Cost			
As at 1 <sup>st</sup> November 2011	39,067	33,770	5,297
Additions	10,339	-	10,339
Disposals	(777)	(234)	(543)
Reclassified from other debtors	3,589	-	3,589
As at 31 <sup>st</sup> October 2012	52,218	33,536	18,682
Provisions			
As at 1 <sup>st</sup> November 2011	4,342	3,718	624
Charged to the profit and loss account	2,947	164	2,783
Disposals	(687)	(144)	(543)
As at 31 <sup>st</sup> October 2012	6,602	3,738	2,864
Net book value as at 31 <sup>st</sup> October 2012	45,616	29,798	15,818
Net book value as at 31 <sup>st</sup> October 2011	34,725	30,052	4,673
Valuation of listed securities		<u>2012</u> <u>£000</u>	<u>2011</u> <u>£000</u>
Net book value		15,123	14,626
Market value		19,281	17,567

No tax is expected to arise should these investments be disposed of due to surplus capital losses within the group

#### Company

Shares in subsidiary companies	£000
Cost	
As at 1 <sup>st</sup> November 2011 and 31 <sup>st</sup> October 2012	85,008
Provisions	
As at 1 <sup>st</sup> November 2011	1,984
Charged to the profit and loss account	281
As at 31 <sup>st</sup> October 2012	2,265
Net book value as at 31 <sup>st</sup> October 2012	82,743
Net book value as at 31 <sup>st</sup> October 2011	83,024

Details of all subsidiaries are shown in note 32a

### 13 STOCKS

<u>Group</u>	<u>2012</u> <u>£000</u>	<u>2011</u> <u>£000</u>
Materials and consumables	735	576
Properties held for development and sale	47,473	50,297
Long term contract balances	3,364	3,311
	<u>51,572</u>	<u>54,184</u>

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 14 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000
Amounts falling due within one year				
Finance debtor	2,395	2,168	-	-
Amounts recoverable on contracts	95,335	77,846	-	-
Trade debtors	1,840	1,781	-	-
Amounts owed by group undertakings	-	-	121,552	151,330
Amounts owed by joint ventures	2,102	3,112	-	-
Amounts owed by joint arrangements	1,180	1,060	-	-
Other debtors	8,419	10,568	22	-
Taxation	1,203	1,717	7	7
Prepayments and accrued income	10,599	8,012	238	293
	<u>123,073</u>	<u>106,264</u>	<u>121,819</u>	<u>151,630</u>
Amounts falling due after more than one year				
Finance debtor	121,728	124,114	-	-
Amounts recoverable on contracts	10,931	10,414	-	-
Amounts owed by joint ventures	-	112	-	-
Other debtors	33,451	37,427	-	-
Deferred tax asset	1,984	1,961	-	-
	<u>168,094</u>	<u>174,028</u>	<u>-</u>	<u>-</u>

At 31<sup>st</sup> October 2012, a deferred tax asset of £1,984,000 (2011: £1,961,000) was recognised in relation to short term timing differences.

Amounts owed by group undertakings are interest free and repayable on demand.

### 15 CASH AND DEPOSITS

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000
Short term deposits	75,469	100,801	26,223	-
Cash at bank and in hand	191,206	200,356	327	77,389
	<u>266,675</u>	<u>301,157</u>	<u>26,550</u>	<u>77,389</u>

Within the group figures for short term deposits is £68.9m (2011: £52.8m) and cash at bank and in hand is £22.0m (2011: £23.1m) held under terms which are currently restricted. These are held by PPP Special Purpose Vehicles (2011: PPP Special Purpose Vehicles).

### 16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000
Loans (see Note 23)	4,936	4,717	-	-
Payments on account	8,000	8,000	-	-
Trade creditors	220,396	239,946	-	59
Amounts owed to group undertakings	-	-	174,123	264,314
Corporation tax	9,529	8,196	7,531	435
Other taxation and social security	4,353	3,878	-	-
Other creditors	2,153	2,590	-	-
Accruals	25,446	25,460	4,717	208
Deferred income	8,564	24,259	-	-
	<u>283,377</u>	<u>317,046</u>	<u>186,371</u>	<u>265,016</u>

Amounts owed to group undertakings are interest free and repayable on demand.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 17 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

#### Group

	<u>2012</u> £000	<u>2011</u> £000
Loans (see Note 23)	125,976	130,558
Trade creditors	6,085	6,246
Deferred income	50,034	40,901
	<u>182,095</u>	<u>177,705</u>

### 18 PROVISIONS FOR LIABILITIES AND CHARGES

#### Group

	<u>Total</u> £000	<u>Deferred</u> <u>taxation</u> £000	<u>Other</u> <u>provisions</u> £000
As at 1 <sup>st</sup> November 2011	36,214	8,121	28,093
(Credited)/charged to the profit and loss account	(7,391)	674	(8,065)
As at 31 <sup>st</sup> October 2012	<u>28,823</u>	<u>8,795</u>	<u>20,028</u>
Deferred taxation is in respect of			
Depreciation in excess of capital allowances		201	
Short term timing differences		8,594	
		<u>8,795</u>	

Other provisions relate to expected future losses on incomplete contracts and provisions against life cycle costs

It is impracticable to estimate the timing of the utilisation of deferred tax, future losses or life cycle costs. All amounts included within provisions have not been discounted.

### 19 MINORITY INTEREST

	£000
<u>Group</u>	
As at 1 <sup>st</sup> November 2011	177
Credited to the profit and loss account	3
As at 31 <sup>st</sup> October 2012	<u>180</u>

### 20 CALLED UP SHARE CAPITAL

	<u>2012</u> £000	<u>2011</u> £000
Allotted, called up and fully paid		
7,217,955 Ordinary shares of £1 each (2011: 7,242,955)	7,218	7,243

On 4<sup>th</sup> April 2012, 25,000 shares were purchased by the company for a total consideration of £318,500.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 21 RESERVES

<u>Group</u>	<u>Total</u>	<u>Capital redemption reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Profit and loss account</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
As at 1 <sup>st</sup> November 2011	177,355	15,031	6,605	4,002	151,717
Profit on ordinary activities after taxation and minority interests	15,166	-	-	-	15,166
Revaluation of investment properties	(700)	-	(700)	-	-
Net differences on foreign exchange	94	-	-	94	-
Actuarial gains and losses on pension schemes and post-retirement medical scheme, net of deferred tax	(8,679)	-	-	-	(8,679)
Share buy-back	(294)	25	-	-	(319)
As at 31 <sup>st</sup> October 2012	<u>182,942</u>	<u>15,056</u>	<u>5,905</u>	<u>4,096</u>	<u>157,885</u>
<u>Company</u>					
	<u>Total</u>	<u>Capital redemption reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Profit and loss account</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
As at 1 <sup>st</sup> November 2011	39,396	15,031	-	-	24,365
Loss on ordinary activities after taxation	(1,985)	-	-	-	(1,985)
Actuarial gains and losses on pension scheme, net of deferred tax	(789)	-	-	-	(789)
Share buy-back	(294)	25	-	-	(319)
As at 31 <sup>st</sup> October 2012	<u>36,328</u>	<u>15,056</u>	<u>-</u>	<u>-</u>	<u>21,272</u>

The revaluation reserve comprises surpluses arising on the revaluation of investment properties which if realised at their revalued amounts would not give rise to a taxation liability due to available capital losses (2011: £nil)

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

As permitted by S 408(3) of the Companies Act 2006 no profit and loss account of the parent company is presented. The loss on ordinary activities after taxation of the company for the year was £1,985,000 (2011: profit £4,426,000)

Retained profit/(loss) for the year is made up as follows

	<u>2012</u>	<u>2011</u>
	<u>£000</u>	<u>£000</u>
Parent company	(1,985)	4,426
Subsidiaries and joint arrangements	20,205	15,626
Joint ventures and associates	(3,054)	(9,463)
	<u>15,166</u>	<u>10,589</u>

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2012 £000	2011 £000
Profit on ordinary activities after taxation and minority interests	15,166	10,589
Other recognised gains and losses relating to the year	(9,285)	(16,241)
Share buy back	(319)	-
Net addition to/(deduction from) shareholders' funds	5,562	(5,652)
Opening shareholders' funds	184,598	190,250
Closing shareholders' funds	190,160	184,598

### 23 LOANS

Group	2012 £000	2011 £000
Repayments of all loans falling due		
Within one year	4,936	4,717
Between one and two years	4,970	4,631
Between two and five years	20,721	19,712
In five years or more	100,285	106,215
	130,912	135,275

The above figures are net of the direct issue costs relating to the loans as required under Financial Reporting Standard No 4, Capital Instruments

The following table provides details of loans not wholly repayable within five years

Repayable by	Interest	Security	2012 £000	2011 £000
2024	0.9% above LIBOR plus MLA costs	Assets of Autolink Concessionaires (A19) Limited	13,583	14,318
2024	6.748%	Assets of Autolink Concessionaires (A19) Limited	37,135	39,094
2032	0.95% above LIBOR plus MLA costs Margin varies following final draw down, but will not exceed 0.95%	Assets of Pinnacle Schools (Gateshead) Limited	45,918	47,729
2037	0.6% above LIBOR plus Reserve asset costs	Assets of SRM (Redcar & Cleveland) Limited	32,124	32,191
			128,760	133,332

All repayments are by non-equal instalments

### 24 RELATED PARTY TRANSACTIONS

The following disclosures are required under Financial Reporting Standard No 8, Related Party Disclosures

#### Joint Ventures

There were transactions amounting to £3.4m (2011: £3.3m) in respect of construction and other contracts on normal commercial terms with various joint ventures and unlisted investments of which £0.2m (2011: £0.4m) was due at the year end

The transactions noted above include those for the Paget Health Services joint venture of which the group owns 58% (see Note 32c). The Sir Robert McAlpine Limited Staff Pension Scheme also owns 28% of the equity and the remaining 14% is owned by an overseas company in which a number of directors have an interest.

At financial year end, £0.5m (2011: £0.5m) was due from Oak Court Estates (Langstone, Mon.) Limited, a 60% owned subsidiary and included within debtors - due within one year. During the year, a management fee of £2.150 (2011: £2,300) was received from Oak Court Estates (Langstone, Mon.) Limited.

Included within debtors - due within one year was £3.7m (2011: £3.7m) owing from McAulay Tudor House Limited. In addition, included within unlisted investments were balances of £12.4m owing from McAulay Market Buildings Limited (2011: £3.6m included within debtors due within one year and £8.8m included within unlisted investments) and £1.6m (2011: £1.6m) owing from McAulay Tudor House Limited. A provision has been made against the investment in McAulay Market Buildings Limited for £2.4m (2011: £1.75m). A number of directors have an interest in both of these companies.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 24 RELATED PARTY TRANSACTIONS (CONTINUED)

Included within Turnover were management fees of £0.1m (2011: £0.1m) received from various joint ventures, of which £9,000 (2011: £Nil) was outstanding at the year end.

Included within Interest receivable and similar income was interest received of £70,000 (2011: £104,000) from Conest Corporation BV, a joint venture. This joint venture was disposed of during the year.

Details of the group's principal joint ventures are set out in note 32c. Investments in and loans to joint ventures are set out in note 10 and other amounts due to or from joint ventures are shown in notes 14 and 16.

#### Other

There were transactions amounting to £0.7m (2011: £0.5m) in respect of construction and other contracts on normal commercial terms with the Renewable Energy Systems Holdings Limited group, a group under common ownership, of which £0.4m (2011: £0.1m) was owing at year end. Also there were amounts incurred on behalf of the Renewable Energy Systems Holdings Limited group of £0.3m (2011: £0.4m) of which no balance was outstanding at year end (2011: £nil).

Included within other debtors - due after more than one year was a loan of £32.0m (2011: £36.0m) made to the Renewable Energy Systems Holdings Limited group. The loan is repayable at the discretion of the directors of Renewable Energy Systems Holdings Limited, but must be fully repaid by 31<sup>st</sup> October 2014. A capital repayment of £4.0m (2011: £7.0m) was received during the year. Interest is charged at 5% per annum and £1.8m (2011: £2.2m) of interest was received during the year.

There were transactions amounting to £2.0m (2011: £1.3m) in respect of construction on normal commercial terms with Deryn Properties LLP, of which £1.0m (2011: £0.1m) was due at year end. One of the directors has an interest in this company.

#### Ultimate Controlling Party

The ultimate controlling party of the company is The McAlpine Partnership Trust, of which certain of the trustees are directors of the company.

### 25 CASH FLOW STATEMENT

#### a Analysis of cash flows for headings netted in cash flow statement

	2012 £000	2011 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	10,810	11,895
Interest paid	(7,605)	(6,874)
Net cash flow from returns on investments and servicing of finance	3,205	5,021
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(3,951)	(3,827)
Receipts from sale of tangible fixed assets	5,419	10,371
Payments for investments	(10,339)	(372)
Receipts from sale of investments	224	470
Payment of loans to joint ventures	(2,338)	(3,672)
Repayment of loans by joint ventures	459	1,027
Payment of loans to associates	(100)	(50)
Net cash flow from capital expenditure and financial investment	(10,626)	3,947
<b>Acquisitions and disposals</b>		
Purchase of shares in subsidiaries	-	(215)
Purchase of shares in joint ventures	(100)	(13,376)
Purchase of shares in associates	-	(100)
Receipts from disposal of joint venture	12	-
Net cash acquired following purchase of subsidiary	-	1,282
Net cash flow from acquisitions and disposals	(88)	(12,409)
<b>Financing</b>		
Repayment of loans	(4,370)	(12,230)
New secured loans	7	268
Purchase of own shares	(319)	-
Net cash flow from financing	(4,682)	(11,962)

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 25 CASH FLOW STATEMENT (CONTINUED)

#### b Analysis of net debt

	<u>As at</u> <u>1 Nov</u> <u>2011</u> £000	<u>Cash</u> <u>flow</u> £000	<u>Non</u> <u>cash flow</u> <u>movements</u> £000	<u>As at</u> <u>31 Oct</u> <u>2012</u> £000
Cash at bank and in hand	200,356	(9,150)	-	191,206
Loans due after one year	(130,558)	(42)	4,624	(125,976)
Loans due within one year	(4,717)	4,405	(4,624)	(4,936)
	<u>65,081</u>	<u>(4,787)</u>	<u>-</u>	<u>60,294</u>
Short term deposits	100,801	(25,332)	-	75,469
Total	<u>165,882</u>	<u>(30,119)</u>	<u>-</u>	<u>135,763</u>

### 26 RETIREMENT BENEFITS

The group operates two defined benefit pension schemes (a group scheme and an executive scheme) providing benefits based on final pensionable pay where the annual increase for the group scheme is capped by the inflation rate. The assets of both schemes are held separately from those of the group. The pension costs relating to the schemes are assessed in accordance with the advice of an external qualified actuary using the projected unit method. Actual contributions made to the group scheme were £4,568,000 (2011: £4,663,000) and to the executive scheme were £300,000 (2011: £300,000).

The latest actuarial valuation of the group scheme was at 31<sup>st</sup> October 2009. 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. It was assumed that the pre-retirement investment return would exceed the rate of salary increases by 4.2% per annum and that the post-retirement investment return would exceed these rates by 3.0%. At the date of the latest actuarial valuation, the market value of the scheme's investments amounted to £322.5m and the actuarial value of these investments was sufficient to cover 104% of the benefits that had accrued to members. The scheme has been closed to new entrants and under the projected unit method, the current service cost will increase as the members of the scheme approach retirement. The executive scheme covers the pensions of a number of directors and senior employees.

In addition to the defined benefit schemes noted above, the group operates two defined contribution schemes where employee contributions are matched by company contributions. During the year, the cost was £1.6m (2011: £1.5m). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2011: £nil).

### 27 PENSION AND MEDICAL SCHEME LIABILITIES

The retirement benefit schemes and the post-retirement medical benefits are described in notes 26 and 28. The actuarial valuation described has been updated at 31<sup>st</sup> October 2012 by a qualified actuary using revised assumptions that are consistent with the requirements of Financial Reporting Standard No. 17 Retirement Benefits. Investments have been valued at fair value. The contribution rate for 2012 was 8.0% of pensionable earnings and the agreed contribution rate for 2013 is 8.0% of pensionable earnings. Where a surplus or deficit arises on the group scheme, the company and members either benefit from or pay for this in equal proportions.

The group scheme includes some employees who are employed within the Renewable Energy Systems Holdings Limited group which was demerged from the Newarthill Limited group in 2009. These employees remain as active members of the pension scheme following the demerger. The figures below represent the assets and liabilities of the scheme as a whole. Due to the small percentage of members employed by the Renewable Energy Systems Holdings Limited group compared to those who remain within the Newarthill Limited group, it is considered more appropriate for the Newarthill Limited group to incorporate the entire group pension scheme rather than separate the assets and liabilities between the two entities.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

#### Actuarial Assumptions

Group and Company	Medical Benefits		Pension Schemes	
	2012	2011	2012	2011
Rate of increase of salaries			2.50% - 3.80%	3.00% - 4.00%
Rate of increase of pensions in payment			2.00% - 3.00%	2.50% - 3.00%
Discount Rate	4.50%	5.00%	4.50%	5.00%
Inflation Assumption (RPI)			2.80%	3.00%
(CPI)			2.00%	2.20%
Medical Expenses Inflation	10.00%	10.00%		
Expected rates of return Equities and properties			6.00%	5.80%
Expected rates of return Cash and gilts			3.00%	3.30%
Expected rates of return Bonds			4.50%	5.00%
Expected rates of return With profits fund			5.00%	5.00%
Expected rates of return Insured annuity			4.50%	5.00%

The overall expected rate of return is based upon market data for comparable instruments

Fair value of the assets and the present value of liabilities of the schemes

	<u>Group</u>				<u>Company</u>	
	<u>Medical Benefits and Executive Scheme</u>		<u>Group Scheme</u>		<u>Medical Benefits and Executive Scheme</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000	£000	£000
Equities and Property	6,306	4,579	169,237	169,222	6,306	4,579
Cash and gilts	2	-	69,686	104,137	2	-
Bonds	-	-	92,914	52,068	-	-
Insured annuity	16,013	3,925	-	-	16,013	3,925
With profit funds	1,090	13,301	-	-	1,090	13,301
Total fair value of assets	<u>23,411</u>	<u>21,805</u>	<u>331,837</u>	<u>325,427</u>	<u>23,411</u>	<u>21,805</u>
Present value of liabilities	(30,044)	(26,923)	(403,210)	(371,885)	(24,983)	(22,330)
Net deficit of the schemes	<u>(6,633)</u>	<u>(5,118)</u>	<u>(71,373)</u>	<u>(46,458)</u>	<u>(1,572)</u>	<u>(525)</u>
Net deficit attributable to scheme members	-	-	35,686	23,229	-	-
Net deficit attributable to the group	<u>(6,633)</u>	<u>(5,118)</u>	<u>(35,687)</u>	<u>(23,229)</u>	<u>(1,572)</u>	<u>(525)</u>
Deferred tax asset	1,592	1,331	8,565	6,039	377	137
	<u>(5,041)</u>	<u>(3,787)</u>	<u>(27,122)</u>	<u>(17,190)</u>	<u>(1,195)</u>	<u>(388)</u>

Of the £5,041,000 deficit on the medical benefits and executive scheme the majority relates to medical benefits

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>Medical Benefits and Executive Scheme</u>	<u>Group Scheme</u>	<u>Medical Benefits and Executive Scheme</u>	
Reconciliation of the movements on the fair value of assets	£000	£000	£000	
As at 1 <sup>st</sup> November 2011	21,805	325,427	21,805	
Expected return on scheme's assets	957	15,572	957	
Difference between actual and expected return on scheme's assets	(62)	6,293	(62)	
Impact of additional insured pensioners	7,037	-	7,037	
Contributions	300	4,568	300	
Benefits paid and DIS premiums	(6,626)	(20,023)	(6,626)	
As at 31 <sup>st</sup> October 2012	23,411	331,837	23,411	
Reconciliation of the movements on the present value of liabilities	£000	£000	£000	
As at 1 <sup>st</sup> November 2011	(26,923)	(371,885)	(22,330)	
Service cost	(256)	(8,064)	(237)	
Contributions	213	-	-	
Interest on scheme's liabilities	(1,267)	(18,280)	(1,043)	
Experience gains/(losses) arising on scheme's liabilities	1,096	5,553	1,096	
Effects of changes in assumptions underlying the present value of scheme's liabilities	(2,496)	(30,557)	(2,058)	
Impact of additional insured pensioners	(7,037)	-	(7,037)	
Benefits paid and DIS premiums	6,626	20,023	6,626	
As at 31 <sup>st</sup> October 2012	(30,044)	(403,210)	(24,983)	
Analysis of the movement in the scheme's assets and liabilities during the year	<u>Group</u>		<u>Company</u>	
	<u>Medical Benefits and Executive Scheme</u>	<u>Group Scheme</u>	<u>Medical Benefits and Executive Scheme</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000
Analysis of the amount which has been charged to operating profit under FRS 17				
Current service costs	(256)	(273)	(237)	(243)
	(256)	(273)	(237)	(243)
Analysis of the amount which has been credited/(charged) to net finance income under FRS 17				
Expected return on scheme's assets	957	977	957	977
Interest on scheme's liabilities	(1,267)	(1,291)	(1,043)	(1,039)
	(310)	(314)	(86)	(62)
Analysis of the actuarial gain/(loss) which has been recognised under FRS 17				
Actual return on scheme's assets	895	823	895	823
Expected return on scheme's assets	(957)	(977)	(957)	(977)
Differences between actual and expected return of scheme's assets	(62)	(154)	(62)	(154)
Experience gains/(losses) arising on scheme's liabilities	1,096	71	1,096	(267)
Effects of changes in assumptions underlying the present value of the schemes' liabilities	(2,496)	(1,460)	(2,058)	(1,166)
Effects of provision made in relation to non-recognition of the net assets of the scheme	-	1,067	-	1,067
	(1,462)	(476)	(1,024)	(520)

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

Analysis of the movement in the schemes' (deficit)/surplus during the year

	<u>Group</u>				<u>Company</u>	
	<u>Medical Benefits and Executive Scheme</u>		<u>Group Scheme</u>		<u>Medical Benefits and Executive Scheme</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	£000	£000	£000	£000	£000	£000
(Deficit)/surplus of schemes at the beginning of the year	(5,118)	(3,449)	(46,458)	2,369	(525)	627
Current service costs	(256)	(273)	(8,064)	(7,042)	(237)	(243)
Contributions	513	461	4,568	4,663	300	300
Other finance income	(310)	(314)	(2,708)	(558)	(86)	(62)
Actuarial gain/(loss)	(1,462)	(1,543)	(18,711)	(45,890)	(1,024)	(1,587)
Transfer out of Medical Benefits Scheme	-	-	-	-	-	440
Deficit of schemes at the end of the year	<u>(6,633)</u>	<u>(5,118)</u>	<u>(71,373)</u>	<u>(46,458)</u>	<u>(1,572)</u>	<u>(525)</u>

The above figures relating to the group scheme show the full charges and credits whereas the actual amounts charged or credited to either the Profit and Loss Account or the Statement of Total Recognised Gains and Losses only reflect the group's 50% share

#### Five Year History

Mortality rates are based upon the following tables and assumptions

2012	SINXA Year of birth with CM1 2011 core projections with 0.5% long term rates (life expectancy 86.7 - 89.0 years)
2011	SINXA MC Year of birth projection with medium cohort improvement (life expectancy 86.0 - 87.1 years)
2010	SINXA MC Year of birth projection with medium cohort improvement (life expectancy 85.9)
2009	PNA00 Year of birth projection with medium cohort improvement (life expectancy 86.8)
2008	PNA00 Year of birth projection with medium cohort improvement (life expectancy 86.7)

The life expectancy figures relate to a pensioner aged 65 at the accounting date

Group scheme	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	£000	£000	£000	£000	£000
Scheme assets	331,837	325,427	326,667	305,233	277,713
Scheme liabilities (funded)	(403,210)	(371,885)	(324,298)	(304,912)	(302,280)
Surplus/(deficit)	<u>(71,373)</u>	<u>(46,458)</u>	<u>2,369</u>	<u>321</u>	<u>(24,567)</u>
Experience adjustments					
- assets	6,293	(7,189)	12,665	19,618	(67,501)
- liabilities	5,553	(4,217)	(2,074)	6,711	(2,308)
Actual return on assets	<u>21,865</u>	<u>10,461</u>	<u>29,241</u>	<u>35,497</u>	<u>(46,780)</u>

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

Medical benefits and executive schemes

Group	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Scheme assets	23,411	21,805	20,277	17,859	15,407
Scheme liabilities (funded)	(24,983)	(22,330)	(19,210)	(22,741)	(21,839)
Scheme liabilities (unfunded)	(5,061)	(4,593)	(4,516)	(4,651)	(4,528)
Deficit	(6,633)	(5,118)	(3,449)	(9,533)	(10,960)
Experience adjustments					
- assets	(62)	(154)	353	549	(695)
- liabilities	1,096	71	6,043	105	(620)
Actual return on assets	895	823	1,364	1,393	74

### 28 POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the group provides unfunded post-retirement medical insurance benefits for a number of its employees after retirement. The group recognises the obligation by spreading forward the cost over the expected service lives of relevant employees. In calculating the obligation it was assumed that long term medical expenses inflation would average 10.0% per annum.

### 29 COMMITMENTS

There were amounts contracted for but not provided in the financial statements in respect of

- a fixed asset investments £nil (2011: £0.4m)
- b other expenditure £0.3m (2011: £0.1m)

Annual commitments for land and buildings under non-cancellable operating leases were as follows

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Operating leases which expire				
Within one year	1,572	1,816	-	-
In two to five years	1,240	1,082	190	200
Over five years	25	32	-	-
	2,837	2,930	190	200

### 30 CONTINGENT LIABILITIES

There were contingent liabilities in respect of

- a guarantees of contract performance bonds given in the normal course of business,
- b guarantees of performance by subsidiary and joint arrangements under funding and leasing agreements, and
- c completed and uncompleted contracts

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

The group has provided a maximum guarantee of £2,175,000 (2011: £1,500,000) to a joint venture. This amount becomes payable if the joint venture fails to meet its interest liabilities.

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

### 31 DERIVATIVES NOT INCLUDED AT FAIR VALUE

At the balance sheet date the group had the following open derivatives that were not included in the accounts at fair value

	2012 £000	2011 £000
Fair value of derivative		
Loss on interest rate swap - subsidiaries	(12,972)	(4,442)
- joint ventures	(24,200)	(21,145)
	<u>(37,172)</u>	<u>(25,587)</u>

The group uses derivatives to manage its exposure to interest rate movements on its bank loans. The fair values are based on the market values of equivalent instruments at the balance sheet date.

The relevant loans have an interest rate swap contract with a total principal amount of £113.3m and fixed interest payments at rates of between 4.41% and 5.69% for periods ranging between 2012 and 2037.

### 32 SUBSIDIARY COMPANIES, JOINT ARRANGEMENTS AND JOINT VENTURES

#### a) Subsidiary companies

The following represent the subsidiaries as at 31<sup>st</sup> October 2012 and except where otherwise stated, were incorporated in Great Britain, registered and operated in England and Wales and were wholly owned.

Following recent amendments to the Companies Act 2006, a number of subsidiaries no longer require an audit. The subsidiaries marked by \* have taken advantage of this exemption from an audit in accordance with Section 479A. Newarthill Limited has provided a guarantee to each of these subsidiaries in compliance with Section 479C.

<b>Direct Subsidiaries</b>		
Brckworth Developments Limited	*	(property development)
Sir Robert McAlpine (Holdings) Limited		(holding company, civil engineering and building)
Sir Robert McAlpine Enterprises Limited		(holding company construction related activities)
<b>Other Subsidiaries</b>		
<b>Civil Engineering and Building</b>		
Bankside Electrical Contractors Limited	*	
British Contracts Limited		
ConstructEnergy Limited	*	
Derby Joinery Limited		
MC Alpine Enterprises Limited		
McAlpine Limited		Cayman Islands
McAlpine Offshore Limited		
Partnership Insurance Company		Cayman Islands
Sir Robert McAlpine Limited		
Sir Robert McAlpine Management Contractors Limited	*	
St. Blaise (1998) Limited	*	
<b>Property and Investments</b>		
Abacus Developments Limited	*	
Abacus Projects Limited	*	
ADL Ventures Limited	*	
Cardiff Gate Business Park Limited	*	
Concert Bay Limited	*	
McAlpine Park Lane Inc		United States of America
McAlpine Properties Limited		Cayman Islands
Merlot Developments Limited	*	
Oak Court Estates (Langstone, Monmouthshire) Limited		(60% owned)
Oak Court Estates (Coventry) Limited		
Oakus Developments Limited	*	
Seville Holdings Limited		United States of America
Sir Robert McAlpine Enterprises Limited		
Tempus Ten (Management) Limited		(54% owned)
White Rock Business Park Limited		(82% owned)

# NEWARTHILL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2012

### 32 SUBSIDIARY COMPANIES JOINT ARRANGEMENTS AND JOINT VENTURES (CONTINUED)

#### c) Principal joint ventures

The following represent the principal joint ventures of the group as at 31<sup>st</sup> October 2012

<u>Company</u>	<u>Country of Registration, Incorporation</u>	<u>Issued Shares</u>	<u>Group Holding %</u>	<u>Date of Accounts</u>
Autolink Holdings (M6) Limited	England & Wales	77,138 'B' Ordinary shares of 10p each 77,138 'A' Ordinary shares of 10p each 77,138 'C' Ordinary shares of 10p each 25,713 'D' Ordinary shares of 10p each 138,453 'E' Ordinary shares of 10p each	100 nil nil nil nil	31/12/11
Summit Holdings (Dudley) Limited	England & Wales	60,000 Ordinary shares of £1 each	33½	31/03/12
Pinnacle Schools (Fife) Holdings Limited	England & Wales	10,000 Ordinary shares of 10p each	50	31/03/12
Aura Holdings (Newcastle) Limited	England & Wales	80,000 Ordinary shares of £1 each	37½	31/03/12
Discovery Education (Holdings) Limited	England & Wales	466,500 Ordinary 'A' shares of £1 each 7,500 Ordinary 'B' shares of £1 each	50 nil	31/03/12
Paget Health Services Limited	Bermuda	10,000 Ordinary Shares of \$1 each	58	31/10/12

All of the above joint ventures are involved in the designing, building, operating and financing of PPP projects within the United Kingdom except Paget Health Services Limited which operates within Bermuda

EHC International Limited	England & Wales	1,000 Ordinary shares of £1 each	50	31/10/12
---------------------------	-----------------	----------------------------------	----	----------

The above joint venture is involved in property development and operates within the United Kingdom, Morocco and Malaysia

Jersey Waterfront Hotel Limited	Channel Islands	4,000 Ordinary shares of £1 each	50	31/12/11
---------------------------------	-----------------	----------------------------------	----	----------

The above joint venture is involved in hotel management and operates within the Island of Jersey

## NEWARTHILL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2012

#### 32 SUBSIDIARY COMPANIES JOINT ARRANGEMENTS AND JOINT VENTURES (CONTINUED)

Other Subsidiaries (continued)

##### PPP Investments

Aura Learning Communities Limited  
Autolink Concessionaires (A19) Limited  
Autolink Holdings (A19) Limited  
Pinnacle Schools (Gateshead) Holdings Limited  
Pinnacle Schools (Gateshead) Limited  
Pinnacle Schools Limited  
Sir Robert McAlpine Capital Ventures Limited  
Sir Robert McAlpine Healthcare (Dawlish) Limited \*

Sir Robert McAlpine Healthcare Limited  
SRM (Redcar & Cleveland) Holdings Limited  
SRM (Redcar & Cleveland) Limited

##### b) Joint arrangement

##### Principal unincorporated joint arrangement

The following represents the principal unincorporated joint arrangement as at 31<sup>st</sup> October 2012 which operates within the United Kingdom

<u>Company</u>	<u>Group interest in Joint Arrangement</u>
Integrated Health Projects JV	50%

The above joint arrangement is involved in construction

##### Principal incorporated joint arrangements

The following represent the principal incorporated joint arrangements of the group as at 31<sup>st</sup> October 2012

<u>Company</u>	<u>Country of Registration, Incorporation and Principal Country of Operation</u>	<u>Issued Shares</u>	<u>Group Holding %</u>	<u>Date of Accounts</u>
BCM McAlpine Limited	Bermuda	12,000 Ordinary shares of BD\$1 each	40	31/10/12
McAlpine (Cayman) Limited	Cayman Islands	10 000 Ordinary shares of CI\$1 each	40	31/10/12

The above joint arrangements are involved in civil engineering and building