

Newarthill Limited

Report and Accounts
year ended 31st October 1977

Newarthill Limited

Notice of Annual General Meeting

Notice is hereby given that the S xth Annual General Meeting of Newarthill Limited will be held at The Imperial Hotel (Tudor Room), Russell Square, London, W.C.1, on Thursday, 25th May 1978 at 12.30 p.m., for the following purposes:—

- 1 To receive the Accounts for the Financial Year ended 31st October 1977, and the Reports of the Directors and of the Auditors thereon.
- 2 To declare a Dividend on the Ordinary Shares.
- 3 To consider, and if thought fit, to pass the following resolution as an ordinary resolution:
That the share capital of the Company be increased hereby from £21,000,000 to £22,500,000 by the creation of an additional 1,500,000 Unclassified Shares of £1 each available for issue by the Directors either as Ordinary Shares of £1 each or as Capital Shares of £1 each.
- 4 To re-elect the following Directors:
Sir Norman Elliott, CBE
Sir Robert D. Fairbairn, JP
W. H. McAlpine
Ian M. McAlpine, MA

Special notice has been received of the resolution which will be proposed for the re-election as a Director of Sir Norman Elliott, who is over the age of seventy.

- 5 To re-appoint Mann Judd as auditors of the Company and to authorise the Directors to fix their remuneration.
- 6 To transact any other business of an Annual General Meeting.

40 Bernard Street,
London, WC1N 1LG
28th April 1978

By Order of the Board,
D B Jennings,
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 him. 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 29 of the Companies Act 1967 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 Limited

Board of Directors

Directors T R Grieve CBE MC *Chairman*
Sir Robin McAlpine CBE
Sir Edwin McAlpine
Malcolm H D McAlpine
Kenneth McAlpine DL
Sir Norman Elliott CBE
Sir Robert D Fairbairn JP
W H McAlpine
Ian M McAlpine MA

Secretary D B Jennings CA

Registered Office 40 Bernard Street
London WC1N 1LG

Registrar Clydesdale Bank Limited
Registrar Department
30 Lombard Street
London EC3V 9BB

Auditors Mann Judd
Chartered Accountants
55 New Oxford Street
London WC1A 1BX

Bankers Clydesdale Bank Limited
30 Lombard Street
London EC3V 9BB

Newarthill Limited

Report of the Directors

The Directors submit their Annual Report together with the audited accounts of the Group for the year ended 31st October 1977.

1. Profit and Dividends

The Group Profit for the year before taxation and extraordinary items amounts to £11,548,306. After providing for taxation and including extraordinary items and minority interests there remains £5,676,165. Of this sum £252,715 has been appropriated in respect of the issue of Capital shares relating to the 1976 Ordinary dividend and Preference dividends totalling £274,313 have been paid, leaving £5,149,137.

The Directors recommend the payment of a dividend of 4.84% (with tax credit, equivalent to a gross dividend of 7.3%) on the Ordinary shares, which, after taking account of waivers, will require £394,587 leaving £4,754,550 to be transferred to Reserves.

Warrants in respect of the Ordinary dividend will be posted on 16th June 1978 to shareholders on the register on 16th May 1978.

In accordance with the Articles of Association, there will subsequently be capitalised out of Reserves the sum required to cover the nominal value of the Capital shares which will be issued to the holders of Capital shares and calculated by reference to the rate of dividend paid on the Ordinary shares.

2. Principal Activities

The business of the Group is that of Civil Engineering and Building contractors and allied activities which include property development and investment, the holding of trade investments and aircraft chartering.

3. Geographical Analysis

Operations in Australia, the Caribbean and Europe contributed 1.3% of the turnover and made a pre-tax loss of £270,004.

4. Changes in Assets

Details of movements in the fixed assets during the year are shown in Note M to the Accounts on page 12.

The Directors are of the opinion, particularly having regard also to the provision for diminution in value (£2.7m made in 1974), that the market value at 31st October 1977 of the Group's development and investment properties is in excess of book value; the Directors consider that the expense of a full professional valuation is not justified. The remaining properties owned by the Group are fully utilised in the business and the Directors are therefore of the opinion that any surplus arising on a disposal would be required to finance their replacement.

5. Share Capital

Each year additional Capital Shares of £1 each fall to be issued, by way of capitalisation of reserves, to the holders of the existing Capital Shares in accordance with a formula related to the dividend on the Ordinary Shares. Last year the number issued was 252,715 (1976 220,905) reducing the unissued share capital to 253,777 unclassified shares of £1 each. The Directors recommend an increase in the authorised share capital from £21,000,000 to £22,500,000 by the creation of an additional 1,500,000 unclassified shares, which under the Articles of Association would be available for issue either as Ordinary Shares or Capital Shares.

6. Directors

The present members of the Board are shown on page 2. Mr T R Grieve was appointed Chairman of the Company on 26th May 1977 following the resignation of Sir Robin McAlpine who, however, remains on the Board. Sir Norman Elliott and Sir Robert Fairbairn retire by rotation and, being eligible, offer themselves for re-election. Special notice has been received proposing the re-election of Sir Norman Elliott who is over the age of seventy. Mr W H McAlpine and Mr Ian M McAlpine who were appointed Directors on 23rd June 1977 retire at this meeting under Article 98 and, being eligible, offer themselves for re-election.

Newarthill Limited

Report of the Directors (continued)

7. Directors' Interests

The interests of the Directors in shares of the Company, according to the Register kept for the purposes of the Companies Act 1967 but distinguishing between beneficial interests (including beneficial interests of wives and infant children) and non-beneficial interests, were, on the dates shown below, as follows:—

	At 1st November 1976		At 31st October 1977	
	Ordinary	Capital	Ordinary	Capital
<i>Beneficial</i>				
T R Grieve	—	—	7,500	—
Sir Robin McAlpine	581,978	456,035	581,978	476,101
Sir Edwin McAlpine	92,413	164,264	92,413	171,492
Malcolm H D McAlpine	473,317	—	473,317	—
Kenneth McAlpine	798,476	—	798,476	—
Sir Norman Elliott	5,000	—	5,000	—
Sir Robert D Fairbairn	5,000	—	5,000	—
W H McAlpine	420,944	552,525	320,944	576,836
Ian M McAlpine	518,659	287,177	518,659	299,813
<i>Non-Beneficial</i>				
Sir Robin McAlpine	3,209,489	1,842,515	2,709,489	1,662,585
Sir Edwin McAlpine				
Malcolm H D McAlpine				
Kenneth McAlpine and W H McAlpine				
Sir Robin McAlpine and Kenneth McAlpine	255,000	—	225,000	—
Sir Edwin McAlpine	1,110	—	1,110	—
Malcolm H D McAlpine	477	—	477	—
Malcolm H D McAlpine and Ian M McAlpine	—	456,035	—	473,101
Kenneth McAlpine and Ian M McAlpine	125,000	456,035	125,000	476,101
W H McAlpine	5,940	114,870	5,100	119,924
W H McAlpine and Ian M McAlpine	270,000	—	270,000	—

During the period from 1st November 1977 to 5th April 1978 Sir Edwin McAlpine relinquished a non-beneficial interest in 1,110 Ordinary shares and Mr W H McAlpine acquired a non-beneficial interest in 2,000 Ordinary shares. There were no other changes.

8. Contracts

In accordance with The Stock Exchange listing regulations, it is reported that for the period to 4th April 1977 (when their shares in Development Securities Limited were sold), the McAlpine directors were deemed to have an interest in contracts for the purchase of construction industry services subsisting between certain subsidiaries of the Company and of Development Securities Limited.

9. Employees

The average number of employees of the Group in the United Kingdom during the financial year was 6,073 and their aggregate remuneration amounted to £25,923,000.

10. Charitable and Political Donations

Donations for charitable purposes amounted to £36,697. There were payments totalling £27,380 to Conservative Party Organisations.

11. Exports

The value of materials and equipment exported during the year was £299,000.

Newarthill Limited

Report of the Directors *(continued)*

12. Auditors

Mann Judd have expressed their willingness to accept re-appointment in accordance with the provisions of the Companies Act 1976.

13. Interest in Shares

At 21st April 1978 the Directors had not been notified that any person (other than Directors and their co-trustees) had an interest exceeding 5% in the issued Ordinary or Capital shares of the Company.

14. Close Company

The Close Company provisions of the Income & Corporation Taxes Act 1970 applied to the Company at 31st October 1977 and continue to apply. Shortfall or apportionment clearances have been obtained for all periods up to 31st October 1976 and, in the opinion of the Directors, no liability will arise in respect of the year under review.

40 Bernard Street,
London, WC1N 1LG
28th April 1978

By Order of the Board,
D B Jennings
Secretary

Newarthill Limited
and Subsidiary Companies

Group Profit and Loss Account
for the year ended 31st October 1977

	Notes	1977 £	1976 £
Trading Surplus			
Property Income	A	8,361,680	3,831,301
Property Dealing	B	791,757	1,021,483
Investment Income		211,225	147,276
Associated Companies	C	2,032,187	827,343
		<u>1,096,613</u>	<u>476,465</u>
Interest Paid		12,493,462	6,303,888
	D	<u>945,156</u>	<u>1,068,052</u>
Profit before Taxation and Extraordinary Items		<u>11,548,306</u>	<u>5,235,816</u>
Taxation	E	<u>5,834,580</u>	<u>2,576,361</u>
Profit before Extraordinary Items		<u>5,713,726</u>	<u>2,359,455</u>
Extraordinary Items	F	(41,006)	250,208
Profit after Extraordinary Items		<u>5,672,720</u>	<u>2,609,663</u>
Minority Interests		3,445	4,635
Dividends	G	(921,615)	(848,374)
Retained Profit	J	<u><u>4,754,550</u></u>	<u><u>1,765,924</u></u>
Made up as follows:—			
Parent Company		69,917	183,333
Subsidiary Companies		3,798,677	1,221,582
Associated Companies		<u>885,956</u>	<u>361,009</u>
Earnings per Share	H	<u>34.0p</u>	<u>13.2p</u>

Newarthill Limited

and Subsidiary Companies

Balance Sheets

as at 31st October 1977

	Notes	Group		Parent Company	
		1977	1976	1977	1976
		£	£	£	£
Source of Funds					
Share Capital	I	20,746,223	20,493,508	20,746,223	20,493,508
Reserves	J	16,958,015	13,855,319	977,938	908,021
Deferred Taxation	K	4,465,528	8,288,627	(203,272)	(480,433)
Loans	L	7,861,444	8,947,533	—	—
Minority Interests		46,811	57,924	—	—
		<u>50,078,021</u>	<u>51,642,911</u>	<u>21,520,889</u>	<u>20,921,096</u>
Employment of Funds					
Fixed Assets	M	25,144,435	26,656,638	—	—
Investments	N	14,062,303	5,606,885	—	—
Subsidiary Companies	O	—	—	22,195,828	21,513,114
Net Current Assets	P	10,871,283	19,379,388	(674,939)	(592,018)
		<u>50,078,021</u>	<u>51,642,911</u>	<u>21,520,889</u>	<u>20,921,096</u>

TOM GRIEVE
MALCOLM H D McALPINE } Directors

Report of the Auditors to the Members of Newarthill Limited

We have examined the accounts set out on pages 6 to 13 which have been prepared under the historical cost convention.

In our opinion, these accounts give, under the accounting convention stated above and as far as concerns members of the parent company, a true and fair view of the state of affairs of the company and the group at 31st October 1977, and of the profit and source and application of funds of the group for the year ended on that date and comply with the Companies Acts 1948 and 1967.

London,
21st April 1978

MANN JUDD
Chartered Accountants

Newarthill Limited

and Subsidiary Companies

Source and Application of Funds

for the year ended 31st October 1977

	1977 (£000)	1976 (£000)
Source of Funds		
Profit before Taxation and Extraordinary Items	11,548	5,236
Extraordinary Items before taxation	(43)	491
	<u>11,505</u>	<u>5,727</u>
Adjustments for items not involving movement of funds:		
Depreciation	2,201	1,336
Profits retained in associated companies	(1,086)	(361)
	<u>1,115</u>	<u>975</u>
Total Generated from Operations	<u>12,620</u>	<u>6,702</u>
Application of Funds		
Dividends Paid	(618)	(603)
Tax Paid	(535)	(273)
Purchase of Fixed Assets—net	(689)	(412)
Increase in Investments	(7,225)	(73)
Invested in Associated Companies and Minority Interests	(152)	(99)
Loans Repaid	(1,086)	(1,025)
	<u>(10,305)</u>	<u>(2,485)</u>
Decrease/(Increase) in Working Capital:—		
Decrease in Stocks and Work in Progress	5,114	5,777
(Increase) in Debtors	(1,820)	(1,347)
Increase/(Decrease) in Creditors	9,530	(8,350)
	<u>12,824</u>	<u>(3,920)</u>
Purchase of Certificates of Tax Deposit (to meet Corporation Tax due 1/1/79)	(10,000)	—
Exchange Rates adjustment	(1,652)	2,000
	<u>(9,133)</u>	<u>(4,405)</u>
Increase in Net Liquid Funds	<u>3,487</u>	<u>2,297</u>
Comprising:		
Short-Term Deposits	6,238	1,136
Cash Balances	326	1,540
Bank Overdrafts	(3,077)	(379)
	<u>3,487</u>	<u>2,297</u>

Newarthill Limited

and Subsidiary Companies

Notes to the Accounts

Accounting Policies

Trading Surplus: The profit from Civil Engineering and Building includes attributable profit on contracts in progress, calculated by comparing direct costs with the certified, or in certain cases, measured value of work done. Such value includes amounts or claims in respect of contract variations, which have been certified and paid in the case of Sir Robert McAlpine & Sons, Limited, within one month after the balance sheet date and in the case of Gee, Walker & Slater, Limited, by the balance sheet date. Provision is made for expected future losses and contingencies on contracts.

Work in Progress and Stocks: Work in progress is valued at direct cost plus attributable profit, less payments received on account. No distinction is made between short and long-term contracts. Stocks of materials and stores are valued at the lower of cost or net realisable value and light plant and tools at valuation by the companies' officials. Properties held for development and sale are included at cost less amounts provided for depletion in value.

Depreciation: Depreciation of plant and equipment is provided at 40 per cent. in the year of purchase (motor cars 25 per cent.) and at lesser percentages of written down values, according to the type of asset, for subsequent years.

Buildings held as property investments are deemed to have a useful life of 50 years and their construction costs are written off over the remaining years from 1st November 1976. Where the date and cost of construction are not known, a professional estimate of remaining life has been obtained and cost has been estimated using published construction industry indices. (This is the first year that depreciation has been provided on property investments and increases the depreciation charge for the year ended 31st October 1977 by £342,000.)

Buildings used for trading purposes are depreciated at either 5 per cent. or 10 per cent. of written down values except that leaseholds are depreciated by equal instalments over 20 years (or the term of the lease if this is less).

Government Grants: Grants are included in the accounts insofar as they relate to expenditure previously incurred and have been received not later than two months after the balance sheet date. Grants relating to fixed assets are released on a time apportionment basis over the four years following receipt and other grants are released immediately.

Deferred Taxation: This account comprises the tax deferred on the amount by which the book value of certain fixed assets exceeds the written down value of those assets and also the tax deferred by reason of stock relief. Full provision is made at current rates of taxation using the liability basis of calculation. Advance corporation tax which is recoverable against future years' corporation tax payments is deducted from the deferred taxation liability.

Associated Companies: Incorporated in the accounts is the Group's share of the results of companies in which the Group has an investment for the long term of not less than 20 per cent. and in the management of which the Group takes an active part. Where the date of accounts of such companies is not 31st October, the appropriate proportion of subsequent unaudited accounts is included. Such results include, in the case of property development companies, losses which arise in the early years through interest and other costs.

Foreign Currencies: Currencies are converted at the rates of exchange ruling at 31st October. Unrealised differences on exchange are dealt with through reserves.

	1977 £	1976 £
A Trading Surplus		
Is arrived at after charging:—		
Directors' Emoluments	59,701	44,800
Auditors' Remuneration and Expenses	62,058	53,084
Depreciation (net of grant release)	1,629,837	1,042,071
Plant Hire	3,712,467	3,691,321
and after crediting:—		
Profits less losses on sales of fixed assets	263,935	345,678
Government Grants	312,425	78,591
	<hr/>	<hr/>
Emoluments of the Directors of the Parent Company:—		
Chairmen:		
Retiring Chairman (to 26/5/77)	£6,183	£10,600
Incoming Chairman (from 26/5/77)	£2,083	—
Other Directors:		
£0/£2,500	2	4
£2,501/£5,000	3	—
£5,001/£7,500	1	—
£7,501/£10,000	1	1
£10,001/£12,500 (highest paid director £10,600)	2	2
Number of U.K. employees of the group whose emoluments exceeded £10,000 per annum:—		
£10,001/£12,500	16	10
£12,501/£15,000	14	14
£15,001/£17,500	4	5
£17,501/£20,000	2	—
£22,501/£25,000	1	2
£25,001/£27,500	1	—
B Property Income		
Rentals from properties (net)	1,362,743	1,316,752
Deduct: Depreciation	570,986	294,269
	<hr/>	<hr/>
	791,757	1,021,483

Newarthill Limited

and Subsidiary Companies

Notes to the Accounts (continued)

	1977 £	1976 £
C Investment Income		
Quoted Investments	107,467	88,686
Unquoted Investments	1,924,720	738,657
	<u>2,032,187</u>	<u>827,343</u>
D Interest Paid		
Bank loans, overdrafts and other short-term loans	315,732	617,612
Loans not repayable within 5 years	629,424	633,440
	<u>945,156</u>	<u>1,251,052</u>
Deduct: Interest Relief grants	—	183,000
	<u>945,156</u>	<u>1,068,052</u>
E Taxation		
Charge on the profits of the year:—		
Corporation Tax at 52%	10,208,373	681,592
Deferred Taxation at 52%	(4,609,829)	1,590,607
Taxation attributable to Franked Investment Income	50,480	28,265
Taxation on Group share of profits of Associated Companies	175,032	117,161
Overseas Taxation	5,008	17,044
Adjustments relating to prior years	5,616	441,692
	<u>5,834,580</u>	<u>2,876,361</u>
F Extraordinary Items		
Net loss on realisation of freehold and leasehold properties	(20,533)	(131,589)
Net surplus on realisation of investments including release of provisions	27,343	351,182
Provision for diminution in value of unquoted investment	(101,816)	—
Provision for anticipated loss of a subsidiary company no longer required	54,000	—
Goodwill on acquisition of interests in subsidiary companies	—	(24,385)
Provision for anticipated losses of an associated company no longer required	—	65,000
	<u>(41,006)</u>	<u>250,208</u>
G Dividends		
5.775% Cumulative Preference Shares (paid)	274,313	284,109
Ordinary (proposed)	394,587	343,360
Capital Shares issued relating to previous year's Ordinary dividend	252,715	220,905
	<u>921,615</u>	<u>848,374</u>

H Earnings per Share

The calculation of earnings per share is based on the Profit before Extraordinary Items, after Minority Interests and Preference Dividends, £5,442,868 (1976 £2,079,981), expressed in relation to the 15,996,223 (1976 15,743,508) Ordinary and Capital Shares in issue at 31st October 1977.

	Authorised		Issued and Fully Paid	
	1977 £	1976 £	1977 £	1976 £
I Share Capital				
5.775% Cumulative Preference Shares of £1	4,750,000	4,750,000	4,750,000	4,750,000
Ordinary Shares of £1	10,000,000	10,000,000	10,000,000	10,000,000
Capital Shares of £1	5,996,223	5,743,508	5,996,223	5,743,508
Unclassified Shares of £1	263,777	508,492	—	—
	<u>21,000,000</u>	<u>21,000,000</u>	<u>20,746,223</u>	<u>20,493,508</u>

The Capital Shares do not entitle the holders to participate in dividends but entitle them in lieu to receive annually further shares to be allotted credited as fully paid by capitalisation of reserves and having a value related to the rate of dividends paid or to be paid on the Ordinary Shares for the relevant financial period, as laid down in the Articles of Association.

Newarthill Limited

and Subsidiary Companies

Notes to the Accounts (continued)

J Reserves

	Group		Parent Company	
	1977	1976	1977	1976
	£	£	£	£
As at 1st November 1976	13,855,319	10,089,249	908,021	724,688
Retained Profit for the year	4,754,550	1,765,924	69,917	183,333
Exchange Rates Adjustment	(1,651,854)	2,000,146	—	—
As at 31st October 1977	<u>16,958,015</u>	<u>13,855,319</u>	<u>977,938</u>	<u>908,021</u>
Made up as follows:—				
Distributable	12,266,333	7,699,970	977,938	908,021
Non-distributable	1,240,202	2,147,971	—	—
Unrealised Surpluses on Exchange	2,222,423	3,874,277	—	—
Associated Companies	<u>1,229,057</u>	<u>143,101</u>	<u>—</u>	<u>—</u>

K Deferred Taxation

Deferments due to:—

Accelerated capital allowances	1,374,000	1,032,052	—	—
Stock relief	3,294,800	8,275,718	—	—
	<u>4,668,800</u>	<u>9,307,770</u>	<u>—</u>	<u>—</u>

Deduct: Anticipated relief for Advance Corporation Tax

	203,272	1,019,143	203,272	480,433
	<u>4,465,528</u>	<u>8,288,627</u>	<u>(203,272)</u>	<u>(480,433)</u>

L Loans

	Group	
	1977	1976
	£	£
(a) Loans to subsidiary companies secured by charges upon those companies' properties and supported by inter-group guarantees. Interest rates vary between 8% p.a. and bank base rate plus 3½% p.a.		
Repayable within five years	221,423	526,198
Repayable 2003-2004 (50% out of the proceeds of mortgage endowment policies)	3,350,000	3,350,000
Repayable partially by instalments, commencing 1982, with a final payment of £1,040,000 in 2006	2,000,000	2,000,000
	<u>5,571,423</u>	<u>5,876,198</u>
(b) Unsecured loans to subsidiary companies supported by inter-group guarantees		
Repayable 1979 (A\$3,732,735). Interest at 8% p.a.	2,290,021	2,871,335
Repaid	—	200,000
	<u>2,290,021</u>	<u>3,071,335</u>
	<u>7,861,444</u>	<u>8,947,533</u>

Newarthill Limited

and Subsidiary Companies

Notes to the Accounts (continued)

M Fixed Assets

	Total £	Freehold Property £	Leasehold Property Long £	Short £	Plant and Equipment £
Cos					
As at 1st November 1976	40,594,183	23,877,446	4,730,383	788,857	11,197,497
Exchange rates adjustment	(1,813,307)	(1,699,427)	(6,966)	(1,838)	(105,078)
Additions during year	3,161,708	496,687	34,609	24,000	2,606,412
Disposals during year	(1,903,582)	(382,190)	(14,127)	—	(1,507,275)
Transfer to current assets	(53,503)	(53,503)	—	—	—
As at 31st October 1977	39,985,499	22,239,023	4,743,899	811,021	12,191,556
Deduct:					
Accumulated depreciation	11,902,911	2,861,245	488,240	199,404	8,354,022
Provisions for diminution in value	2,700,000	2,000,000	700,000	—	—
Regional Development Grant	238,153	—	—	—	238,153
Net	25,144,435	17,377,778	3,555,659	611,617	3,599,381
1976 Net	26,656,638	19,398,987	3,662,893	628,704	2,966,054

Note: It is Group policy to carry the insurable risks on premises and plant used in its contracting activities.
The total depreciation charged against the profits of the Group was £2,362,903 (1976 £1,480,067).

N Investments

	1977 £	1976 £
Shares and Advances at cost less amounts provided:		
Quoted—Market Value £8,917,288 (1976 £722,217)	8,592,765	1,153,043
Unquoted—Directors' valuation £3.4 million (1976 £3.1 million)		
Associated Companies	893,730	843,680
Other Companies	884,741	922,240
	1,778,471	1,765,920
Net Indebtedness		
Associated Companies	2,264,911	2,170,471
Other Companies	197,099	374,350
	2,462,010	2,544,821
	12,833,246	5,463,784
Associated Companies Group's proportion of net post-acquisition profit and reserves	1,229,057	143,101
	14,062,303	5,606,885

Quoted investments include a 10.69% (1976 Nil) interest in the issued ordinary share capital of Lynton Holdings Limited.

The following companies, which are incorporated and registered in England except where otherwise indicated, have been treated as Associated Companies at 31st October 1977.
The shares held are Ordinary Shares:—

	Group Equity Holding %	Date of Accounts
Apsley Park Hotel Company Limited	50.00	31/12/77
Fondedile Foundations Limited	50.00	31/12/77
Greycoat London Estates Limited	50.00	—
Hunterston Development Company Limited (registered in Scotland)	35.00	30/ 9/77
McAlpine Seotank Limited	50.00	—
Rank Estates Limited	47.50	31/ 3/77
Vence Developments (Netherlands) B.V. (Incorporated in Holland)	25.00	31/12/77

Newarthill Limited

and Subsidiary Companies

Notes to the Accounts (continued)

O Subsidiary Companies (For details see page 16)

	1977	1976
	£	£
Shares at cost	20,831,650	20,831,650
Amounts due to Parent Company	25,567,445	18,832,486
Amounts due by Parent Company	24,203,267	18,151,022
Net indebtedness	1,364,178	681,464
	22,195,828	21,513,114

P Net Current Assets

	Group		Parent Company	
	1977	1976	1977	1976
	£	£	£	£
Current Assets:				
Contract Work in Progress	644,717,871	722,399,741	—	—
Deduct: Cash received	614,803,621	687,566,445	—	—
Net Work in Progress (Note 1)	29,914,250	34,833,296	—	—
Stocks:—				
Materials and Stores	1,175,170	1,269,163	—	—
Light Plant and Tools	1,202,443	1,634,617	—	—
Properties held for development and sale	2,872,635	2,540,762	—	—
Debtors and Temporary Advances	6,913,586	5,138,210	151	251
Taxation recoverable	792,881	1,014,321	(237,524)	(258,404)
Certificates of Tax Deposit	10,000,000	—	—	—
Short-Term Deposits	8,583,990	2,346,001	—	—
Bank Balances and Cash	2,533,046	2,207,502	14,801	15,303
	64,333,007	50,983,872	(222,572)	(242,850)
Current Liabilities:				
Creditors (Note 2)	35,865,607	26,335,392	57,780	5,808
Corporation Tax due 1/1/79	8,898,742	—	—	—
Bank Overdrafts	8,002,788	4,925,732	—	—
Ordinary Dividend proposed	394,587	343,360	394,587	343,360
	53,161,724	31,604,484	452,367	349,168
Net Current Assets	10,871,283	19,379,388	(674,939)	(632,018)
Notes: 1. The amount certified in respect of work done to 31/10/77 but unpaid at that date was	22,427,745	14,212,510	—	—
2. Included in creditors, an amount of £9.4m (1976 Nil) in respect of contract commitments estimated to be not payable within two years.				

Q Supplementary Information

1. Turnover

The value of work carried out and services supplied to clients of the Group during the year totalled £148 million (1976 £174 million).

2. Capital Commitments

There were contracts for capital expenditure authorised by the Directors but not provided for in respect of:

- building developments by subsidiary companies £0.1 million (1976 £0.1 million)
- other expenditure by subsidiary companies £1.0 million (1976 £0.1 million)
- undertakings to subscribe for loan stock of associated and other companies or to make advances to such companies £0.1 million (1976 £0.1 million).

3. Contingent Liabilities

There were contingent liabilities in respect of:

- guarantee of a loan to a subsidiary company's pension fund £0.7 million (1976 £0.7 million)
- joint and several guarantees relating to mortgage debentures issued by an associated company, up to a maximum of £6.0 million (1976 £6.0 million)
- guarantees of loans and advances to subsidiary companies £7.9 million (1976 £9.7 million)
- guarantees of contract performance bonds given in the normal course of business
- guarantees of performance by subsidiary companies under leasing agreements
- uncompleted contracts.

Newarthill Limited

and Subsidiary Companies

Chairman's Review

It is my privilege to report to you for the first time as Chairman of Newarthill Limited following Sir Robin McAlpine vacating that position.

I would like to start by recording our appreciation to Sir Robin for his never-failing interest and continuing attention to all matters affecting the well being and fortunes of the McAlpine group over many years of outstanding service.

During the year I was pleased to welcome to the board Mr W H McAlpine and Mr Ian M McAlpine, both of whom have been directors of Sir Robert McAlpine & Sons, Limited for many years.

Next I would like to speak about the staff. I have been afforded the opportunity to meet many members both at Head Office and in the field during the past year—I am greatly struck by the leadership and loyalty that permeate the Group and keep alight the enthusiasm which abounds at all levels throughout your Company's many and varied activities. This valuable asset helps greatly towards the success of the Company. Our warm thanks are due to the staff for a very good year's work.

Profit and Dividends

As forecast in my interim statement the pre-tax profit for the year was very substantially better than the £5,235,816 of last year, rising to £11,548,306. After taking account of extraordinary items, minority interests and taxation there remains £5,676,165 which compares with £2,614,298 last year. The Capital Shares issued in lieu of dividend for 1976 and the dividends paid to the Preference shareholders together absorb £527,028, leaving £5,149,137 available. Your directors recommend the payment of an Ordinary dividend of 4.84% (an increase of 10% on the 4.4% paid last year) and this, allowing for waivers, will require £394,587, leaving £4,754,550 for transfer to reserves. Capital Shares will be issued in accordance with the formula stated in the Company's Articles of Association.

Construction

The exceptional profit, as set out above, arose mainly in the McAlpine construction sector and was attributable to these three factors:—

a final settlement in respect of the Brent C and Cormorant A North Sea platforms which recouped to some extent the heavy losses suffered during the period of these two contracts;

the payment of substantial claims on certain other completed contracts;

satisfactory results from many other contracts in progress during the year.

Regrettably, I am still unable to report any early prospect of further orders for oil platforms in concrete. Although the heavy programme of platform building which was envisaged five years ago and which encouraged your Company to construct a large establishment at Ardyne on the west coast of Scotland has not at present given us further construction opportunities, the facility is being maintained in a state of readiness and every effort is being made to secure orders for any floating concrete structure which might be required.

The completion of the three concrete platforms which, collectively provided in monetary terms the largest volume of work, on a single site, in the Company's history inevitably resulted in a reduction in turnover which has continued in the current year. In a market abnormally difficult even for the highly competitive construction industry, some encouraging successes have been achieved in obtaining new contracts which, of course, also assist maintenance of staff activity.

Believing that "construction of one kind or another is central to the achievement of Labour's social objectives", the Labour Party Conference last autumn passed a resolution based upon the concept that a substantial part of the construction industry should be brought into public ownership.

Newarthill Limited

and Subsidiary Companies

Chairman's Review (*continued*)

Nationalisation of the construction industry would be a disaster leading to massive increases in building costs—one has only to look at the well documented losses and lack of efficiency of Local Authority Direct Labour Organisations in the building sphere. It therefore requires alertness and active expression of opinion on everyone's part to bring home to its few advocates the unpopularity of their plans.

As forecast last year, the turnover and profit level of Gee, Walker & Slater, Limited, fell below those of the previous year and the Company continues in a particularly difficult sector of the industry.

Property and Investment

As the accounts show, property income before depreciation remained at the previous year's level. Only slow progress is being made, in a difficult market, with the letting of the office development in Bristol, but further progress has been made with the long-term warehouse project at Hayes, Middlesex. Construction work on the office building in Newcastle to which reference was made last year should be finished in July 1978. Investment income benefited from monies which became available and which were invested short-term pending utilisation in the expansion of your Company's activities.

Other Activities

McAlpine Aviation Limited has continued to increase its share of the world market for executive jet services. Expanded operations continue in Europe and the Middle East and will shortly start in the Far East where a contract has been obtained to operate the first HS125 to be available for charter in that area.

McAlpine Helicopters Limited will shortly be opening their new base at Hayes, Middlesex, within 5 miles of Heathrow. Several orders have already been confirmed for the new Aerospatiale "Squirrel" executive turbine helicopter, for which the Company is the U.K. distributor. The Company will use machines of this type to provide a charter service from Hayes.

The Current Year

The property and investment sector is being further expanded as opportunities present themselves both at home and in North America where we have embarked upon residential developments in conjunction with local partners.

A 22% stake in County & District Properties Limited has been acquired and we look forward to a mutually advantageous association with those guiding this successful company. It is not our intention to increase our present shareholding which we took the opportunity to acquire in a single block.

A 50% interest has been purchased in Humberoak Offshore Limited, an offshore-engineering company based in Aberdeen. Now renamed McAlpine Humberoak Limited, this Company offers a full maintenance service for offshore oil and gas installations such as those in the North Sea and it is intended that your Company will participate in these activities.

With the knowledge and experience gained from the concrete oil and gas production platforms, we are now substantially involved in the design of sub-sea production systems which will extend the present operational limit into much deeper waters. With U.K. partners we have obtained substantial E.E.C. grants to further our design and research activities. Having led the U.K. field in concrete gravity platforms we intend to maintain our lead as techniques develop.

Construction turnover and profit continue at the expected moderate level which reflects the general condition of the industry. Nevertheless, some very welcome contracts have been obtained including a £22 million contract in London. The workload, however, is still at a lower level than we would wish.

Tom Grieve

Newarthill Limited

and Subsidiary Companies

Subsidiary Companies

The following companies were the main subsidiaries at 31st October 1977 and, except where otherwise stated, were incorporated and registered in England and wholly-owned.

Principal Subsidiaries:

Sir Robert McAlpine & Sons, Limited	(civil engineering and building)
Gee, Walker & Slater, Limited	(civil engineering and building)
Sir Robert McAlpine & Sons (C.T.I.) Limited (formerly Construction Trade Investments Limited)	(property and investments)

Other Subsidiaries:

Civil Engineering and Building:

Loe Constructions Limited	
McAlpine Limited	
Sir Robert McAlpine & Sons (Bahamas) Limited	Cayman Islands
Sir Robert McAlpine & Sons (North Eastern) Limited	Bahamas
Sir Robert McAlpine & Sons (South Wales) Limited	
Sir Robert McAlpine Project Management Limited	

Property and Investments:

Abacus Developments Limited	
Brickworth Developments Limited	
Colguy Holdings Limited	
Frederick Street Properties Limited	
Hawksnest Creek Development Company Limited	Bahamas
Herbrand Investments Limited	Bahamas
Marchmont Properties Limited	
River Road Investments Limited	
Southern Properties Pty., Limited	Australia
St. George's Investments (Australia) Pty., Limited	Australia
Two Parks Development Limited (80%)	


Other Activities:

Brimac Aggregates Limited
McAlpine Aviation Limited
McAlpine Helicopters Limited

Note: The Principal Subsidiaries and McAlpine Helicopters Limited are direct subsidiaries of the Parent Company.
The remaining companies are owned by the Principal Subsidiaries.

NEWARTHILL LIMITED

We hereby certify that the attached is a true copy of the Balance Sheet, Auditors' Report, and Directors' Report as laid before the Company in General Meeting during the period to which this return relates.


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Director


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Secretary