Registration number: 1050970

Newarthill Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 October 2016

Newarthill Limited

Contents

Newarthill Limited

Company Information

Directors	The Hon. David M McAlpine
	Cullum McAlpine
	Andrew W McAlpine
	Gavin M McAlpine BA, MSc
	David S Jenkins FCA
	Donald Joyce CA
	Miles C Shelley BA, ACA
Company secretary	Kevin J Pearson BSc., ACA
Registered office	Eaton Court Maylands Avenue Hemel Hempstead Hertfordshire HP2 7TR
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

Strategic Report for the Year Ended 31 October 2016

The Directors present their strategic report for the year ended 31 October 2016.

Principal activity
Newarthill Limited is a leading building and civil engineering construction group operating primarily within the United Kingdom and is also involved in property developments, investments and PPP operations.

With over 145 years of experience we recognise that understanding the core values and aspirations of our clients is key to successfully delivering projects while being committed to the highest standards of safety and sustainability.

We continue to work in line with our strategy across most major market sectors, tailoring our design, construction, technical and management capabilities to meet our clients' varying needs.

The company is an investment holding company and its principal activity is the co-ordination of the group's activities in the construction field, property development and PPP operations. The company will continue to be a holding company for the group's activities in these sectors.

Fair review of the business
This is the first year that the group has presented its financial statements under Financial Reporting Standard 102 'The Financial Reporting Standard, applicable in the UK and Republic of Ireland' (FRS 102) issued by the Financial Reporting Council. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year, the impact of which is set out in note 33.

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

The profit on ordinary activities before taxation and exceptional items of the group was £10.2m compared with a loss of £50.5m in 2015. After the exceptional item that has arisen from the group accounting for the members' share of the staff defined benefit pension scheme, the group made a loss before taxation of £43.2m compared with a loss of £50.5m in 2015. Turnover was £869.6m (2015 - £799.7m).

In May 2016 the outcome of the latest triennial valuation of the Sir Robert McAlpine Defined Benefit Staff Pension Scheme became known showing a deficit of £107.6m. Given the size of the deficit the directors have concluded that it will not be possible for the members of the scheme to meet their 50% share of this liability. It is therefore not appropriate for the Group to continue to account for the scheme as a 50/50 scheme. As a result of this decision the results for the year contain an exceptional loss of £53.4m, being the members' share of the deficit as at 1 May 2016 now being accounted for as a liability of Newarthill Limited.

During 2014 the group identified a small number of construction contracts which had been tendered and commenced during the recession where significant costs were being incurred and considerable losses were expected. The group incurred major losses in 2014 and 2015 as a result of the performance of those contracts. It can now be reported that all of those contracts have reached practical completion and all of the substantial costs on those contracts have been incurred.

<u>United Kingdom Construction</u>
The United Kingdom construction market remains highly competitive and the central London market in particular has added uncertainty following the referendum result on EU membership. Despite this, with the completion of our legacy contracts the 2016 results show a dramatic improvement over the previous year. With our robust risk management and tendering procedures now embedded in the business, the profitability of the business continues to grow.

United Kingdom Construction (continued...)
The business will celebrate its 150 year anniversary in 2019 and the group has a clear strategy to take it to that date and beyond. In line with our vision and values, the strategy is based on growth, diversification and resilience. We are scrutinising all areas of the business to enhance productivity while maintaining our focus on engineering excellence and first class delivery. As part of the strategy, we plan to expand the proportion of work obtained from frameworks and the public sector and by the end of 2019, achieve a major part of our turnover from civil engineering.

During 2017 we will continue to focus on our cultural change programme which is designed to substantially enhance our client focus and lean construction capabilities. The intention is to further improve efficiencies and focus delivery around the core commitments of delivering safely, on time, defect free, sustainably and profitably.

We remain committed to and focused on our staff who bring the highest levels of expertise and experience to the business and our aim is to create an environment in which everyone has the opportunity to develop to their full potential.

We have completed a number of noteworthy projects during the year including: the first phase of a major expansion scheme at Pinewood Studios; Victoria Gate in Leeds, the latest in a series of retail-led city centre redevelopment projects for Hammerson; a new eight-storey Veterinary Hospital and Centre of Excellence for Battersea Dogs and Cats Home; our latest contract as part of the Dundee Central Waterfront masterplan and the final phase in the redevelopment of West Lane Hospital in Middlesbrough.

The completion of a new Maggie's centre in Manchester strengthened our ongoing relationship with the cancer care charity, while in the education sector we completed five projects for the Education Funding Agency as well as handing over Mendip School in Somerset.

We have won or commenced work on a number of notable projects since our last strategic report. These include the construction of the new retractable roof for Wimbledon's No 1 Court, a major new office development at the London Fruit and Wool Exchange and two new schools, Ryde Academy and Christ the King College on the Isle of White. Construction works have also commenced on two significant Private Rented Sector developments in Salford and a new submarine paint facility at Barrow-in-Furness for BAE Systems Marine Ltd.

We are in the preconstruction stage for British Land's redevelopment of Broadgate, for which we have been selected as Framework Contractor, and have also secured places on the PAGABO and ProCure22 healthcare frameworks.

Our Civil Engineering Division is delivering a significant package of works as part of the biomass conversion of Lynemouth power station.

Sustainability
We continue to make progress on our sustainability roadmap. Highlights include: reducing our water consumption by 28%, reducing our carbon emissions by 17% and employing 44% of our workforce locally. In 2016, for every £1 of company money we invested in a project a further £1.46 was reinvested locally. This equates to over £458m of local reinvestment.

Caribbean Construction
Although a small part of the group, our Caribbean business remains profitable.

Property Development and Investments
Our activity in these sectors continues with limited new investment activity.

Newarthill Limited

Strategic Report for the Year Ended 31 October 2016

Capital Ventures
Although the secondary market for PPP/PFI assets remains attractive, the group has kept its portfolio of assets intact - all of which continue to be actively managed and are performing well. Our Glasgow College PPP completed construction during the year and therefore all of our concessions are now in their operational phase.

Our Capital Ventures student accommodation programme continues. Our Coventry development, which will provide 347 student rooms, is in the construction phase and the business continues to seek to develop other opportunities.

Taxation
The group has a tax credit of £9.9m, relating primarily to deferred tax credits.

Cash and Borrowings
The group had cash balances of £224m (2015: £261m) at the year end. Total Senior loan borrowings were £183m (2015: £188m) of which £178m (2015: £184m) represents non-recourse debt in our wholly-owned PPP special purpose vehicles.

Outlook
The group continues to have substantial cash balances and with only non-recourse borrowing in our PPP SPVs, we are well placed to exploit opportunities both within construction and from other investment opportunities. With the dedication of our staff and maintaining our strategic direction we expect to see both turnover growth and increasing profit in 2017 and beyond.

Principal risks and uncertainties
Management of major contracts and bidding 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. The group maintains strong risk based procedures with particular emphasis on the tendering process and change management.

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.

Defined Benefit Pension Scheme: the group maintains two defined benefit pension schemes both of which have a deficit for which robust recovery plans are in place – see note 23.

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.

Macroeconomic and geopolitical: The uncertainty in the market as a result of Brexit, its potential impact on labour availability and the risk of increased costs due to currency fluctuations, is a concern for the industry as a whole. The group monitors and reviews this and other macroeconomic and geopolitical risks on a regular basis.

Approved by the Board on 17 March 2017 and signed on its behalf by:

....
Cullum McAlpine
Director

Newarthill Limited

Directors' Report for the Year Ended 31 October 2016

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 October 2016.

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

Ian M McAlpine MA (resigned 17 December 2015)

The Hon. David M McAlpine

Cullum McAlpine

Andrew W McAlpine (appointed 17 December 2015)

Gavin M McAlpine BA, MSc (appointed 15 March 2016)

David S Jenkins FCA (appointed 17 December 2015)

Donald Joyce CA (appointed 17 December 2015)

Miles C Shelley BA, ACA (appointed 17 December 2015)

Dividends
An interim dividend of £500,000 (£0.07 per ordinary share) was paid during the year. The directors do not recommend payment of a final dividend.

Financial instruments

Objectives and policies

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

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

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

Employment of disabled persons
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.

Employee involvement
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.

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

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 financial statements.

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

Directors' liabilities
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.

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

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

Approved by the Board on 17 March 2017 and signed on its behalf by:

....
Kevin J Pearson BSc., ACA
Company secretary

Newarthill Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 . Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Newarthill Limited

We have audited the financial statements of Newarthill Limited for the year ended 31 October 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 33. 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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Statement of Directors' Responsibilities (set out on page 7), 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 to the financial statements.

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 the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 October 2016 and of the Group's loss 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Newarthill Limited

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

Date: 21 March 2017

Newarthill Limited

Consolidated Profit and Loss Account for the Year Ended 31 October 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	869,609	799,681
Cost of sales		(834,858)	(836,748)
Gross profit/(loss)		34,751	(37,067)
Administrative expenses		(33,439)	(29,118)
Other operating (loss)/gains	4	(16)	21,835
Operating profit/(loss) before exceptional item	5	1,296	(44,350)
Gain on financial assets at fair value through profit and loss account		6,124	1,837
Interest receivable and similar income	6	6,669	11,598
Amounts written off investments		(437)	(2,417)
Interest payable and similar charges	7	(15,011)	(7,292)
		(2,655)	3,726
Share of profit/(loss) of equity accounted investees		11,593	(9,863)
Profit/(loss) before exceptional item and tax		**10,234**	**(50,487)**
Exceptional operating item: Recognition of group pension scheme liabilities	8	(53,434)	-
Loss before tax		(43,200)	(50,487)
Taxation	12	9,900	10,260
Loss for the financial year		**(33,300)**	**(40,227)**
Loss attributable to:			
Equity shareholders of the company		(33,298)	(40,227)
Non-controlling interests		(2)	-
		(33,300)	(40,227)

The notes on pages 18 to 66 form an integral part of these financial statements.

Newarthill Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 October 2016

	2016 £ 000	2015 £ 000
Statutory Loss for the financial year	(33,300)	(40,227)
Unrealised loss on cash flow hedges	(3,412)	(1,914)
Foreign currency translation gains	19,326	1,550
Remeasurement loss on defined benefit pension and post-retirement medical schemes net of deferred tax	(45,072)	(9,519)
	(29,158)	(9,883)
Total comprehensive income for the year	(62,458)	(50,110)
Total comprehensive income attributable to:		
Equity shareholders of the company	(62,456)	(50,110)
Non-controlling interests	(2)	-
	(62,458)	(50,110)

The notes on pages 18 to 66 form an integral part of these financial statements.

Newarthill Limited

(Registration number: 1050970)
Consolidated Balance Sheet as at 31 October 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Intangible assets	13	6,713	7,697
Tangible assets	14	35,251	31,035
Investment properties	15	15,440	11,718
Investments	16	43,638	29,705
Other financial assets	17	27,619	27,036
		128,661	107,191
Current assets			
Stocks	18	58,781	55,388
Debtors due in less than one year	19	179,806	169,996
Debtors due in more than one year	19	192,526	171,776
Cash at bank and in hand	20	224,108	261,229
		655,221	658,389
Creditors: Amounts falling due within one year	21	(306,849)	(284,417)
Net current assets		348,372	373,972
Total assets less current liabilities		477,033	481,163
Creditors: Amounts falling due after more than one year	21	(243,894)	(245,601)
Provisions for liabilities	22	(9,767)	(55,682)
Net assets excluding employee benefits liabilities		223,372	179,880
Pension and other schemes	23	(161,756)	(55,528)
Net assets		61,616	124,352
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve		15,171	15,171
Other reserves		4,419	(10,746)
Profit and loss account		34,922	113,043
Equity attributable to shareholders of the company		61,616	124,572
Non-controlling interests		-	(220)
Total equity		61,616	124,352

Approved and authorised by the Board on 17 March 2017 and signed on its behalf by:

....

Cullum McAlpine

Director

The notes on pages 18 to 66 form an integral part of these financial statements.

Newarthill Limited

(Registration number: 1050970)
Balance Sheet as at 31 October 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	16	133,050	132,681
Current assets			
Debtors due in less than one year	19	125,086	68,774
Debtors due in more than one year	19	25,735	11,076
Cash at bank and in hand	20	5,051	2,296
		155,872	82,146
Creditors: Amounts falling due within one year	21	(107,318)	(169,029)
Net current assets/(liabilities)		48,554	(86,883)
Total assets less current liabilities		181,604	45,798
Provisions for liabilities	22	(62)	(6,175)
Net assets excluding pension schemes liability		181,542	39,623
Pension schemes	23	(156,529)	(51,163)
Net assets/(liabilities)		25,013	(11,540)
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve		15,171	15,171
Profit and loss account		2,738	(33,815)
Total equity		25,013	(11,540)

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the parent company is presented. The retained profit of the parent company for the year was £81,391,000 (2015: retained loss of £4,637,000).

Approved and authorised by the Board on 17 March 2017 and signed on its behalf by:

....

Cullum McAlpine

Director

Newarthill Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 October 2016

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 November 2015	7,104	15,171	(10,746)	113,043	124,572	(220)	124,352
Loss for the financial year	-	-	-	(33,298)	(33,298)	(2)	(33,300)
Other comprehensive income/(loss)	-	-	15,165	(44,323)	(29,158)	-	(29,158)
Total comprehensive income/(loss)	-	-	15,165	(77,621)	(62,456)	(2)	(62,458)
Dividends (note 28)	-	-	-	(500)	(500)	-	(500)
Purchase of non-controlling interests	-	-	-	-	-	222	222
At 31 October 2016	7,104	15,171	4,419	34,922	61,616	-	61,616

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 November 2014	7,219	15,056	(9,962)	164,602	176,915	(220)	176,695
Loss for the financial year	-	-	-	(40,227)	(40,227)	-	(40,227)
Other comprehensive loss	-	-	(784)	(9,099)	(9,883)	-	(9,883)
Total comprehensive loss	-	-	(784)	(49,326)	(50,110)	-	(50,110)
Purchase of own share capital	(115)	115	-	(2,233)	(2,233)	-	(2,233)
At 31 October 2015	7,104	15,171	(10,746)	113,043	124,572	(220)	124,352

The notes on pages 18 to 66 form an integral part of these financial statements.

Newarthill Limited

Statement of Changes in Equity for the Year Ended 31 October 2016

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2015	7,104	15,171	(33,815)	(11,540)
Profit for the financial year	-	-	81,391	81,391
Other comprehensive loss	-	-	(44,338)	(44,338)
Total comprehensive income	-	-	37,053	37,053
Dividends (note 28)	-	-	(500)	(500)
At 31 October 2016	7,104	15,171	2,738	25,013

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2014	7,219	15,056	(17,474)	4,801
Loss for the financial year	-	-	(4,637)	(4,637)
Other comprehensive loss	-	-	(9,471)	(9,471)
Total comprehensive loss	-	-	(14,108)	(14,108)
Purchase of own share capital	(115)	115	(2,233)	(2,233)
At 31 October 2015	7,104	15,171	(33,815)	(11,540)

Consolidated Statement of Cash Flows for the Year Ended 31 October 2016

	Note	2016 £ 000	2015 £ 000
Cash flows from operating activities			
Loss for the financial year		(33,300)	(40,227)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	6,907	6,745
Profit on disposal of property, plant and equipment	5	(293)	(1,048)
Loss/(profit) from sales of investment properties	4	353	(8,656)
Profit from disposals of investments	4	(44)	(13,179)
Finance income	6	(6,669)	(11,598)
Finance costs and amounts written off investments		15,448	9,709
Exceptional item	8	53,434	-
Share of (profit)/loss of equity accounted investees		(11,593)	9,863
Taxation	12	(9,900)	(10,260)
		14,343	(58,651)
Working capital adjustments			
(Increase)/decrease in stocks	18	(3,393)	2,602
Increase in debtors		(10,956)	(27,399)
Decrease in creditors		(243)	(3,379)
(Decrease)/increase in retirement and employee benefit obligations net of actuarial changes	23	(2,083)	100
Decrease in provisions		(45,879)	(5,960)
Increase in deferred income		17,845	6,537
Cash used in operations		(30,366)	(86,150)
Corporation tax received/(paid)		45	(4,680)
Net cash used in operating activities		(30,321)	(90,830)
Cash flows from investing activities			
Interest and dividends received		14,048	10,553
Acquisition of tangible assets	14	(9,611)	(6,308)
Proceeds from sale of tangible assets		761	1,133
Acquisition of investment properties	15	(4,200)	(4,548)
Proceeds from sale of investment properties		-	22,941
Listed and unlisted securities cost additions	17	(240)	(288)
Listed and unlisted securities cost disposals		818	35,985
Cash receipts from repayment of loans, classified as investing activities	16	25	1,652
Advances of loans, classified as investing activities	16	(4,437)	(299)
Proceeds from sale of investments in joint ventures and associates		24	11,478
Net cash (used in)/from investing activities		(2,812)	72,299

Newarthill Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2016

	Note	2016 £ 000	2015 £ 000
Cash flows from financing activities			
Interest paid		(8,731)	(6,608)
Payments for purchase of own shares		-	(2,233)
Proceeds from other borrowing draw downs		4,554	72,054
Repayment of other borrowing		(9,629)	(5,250)
Cost of new property plant and equipment acquired under finance leases		4,678	-
Payments to finance lease creditors		(404)	-
Dividends paid		(500)	-
Net cash (used in)/from financing activities		(10,032)	57,963
Net (decrease)/increase in cash and cash equivalents		(43,165)	39,432
Cash and cash equivalents at 1 November		261,229	221,119
Effect of exchange rate fluctuations on cash held		6,044	678
Cash and cash equivalents at 31 October		224,108	261,229

The notes on pages 18 to 66 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated in Great Britain.

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

These financial statements were authorised for issue by the Board on 17 March 2017.

2 Accounting policies

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

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 33.

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

Departure from requirements of FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

Statement of cash flows
The company has taken advantage of the exemption available from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

Financial instruments disclosure
The company has taken advantage of the exemption available from the financial instruments disclosure, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2016.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are included within amounts owed by and due to related parties, are eliminated in full.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired entity, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

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 Strategic 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 Strategic Report and notes 20 and 26 to the financial statements. A description of the group's management of interest rate risk and treasury risk are also set out in the Strategic 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.

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 financial statements.

Critical accounting judgements
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

PPP service concessions: Accounting for the service concession contracts and financial assets requires an estimation of service margins, which are based on forecasted revenues and costs of the PPP contracts.

Debtors: The recoverability of the group's debtors has been assessed by the directors and, where any uncertainty has been identified, sufficient provisions have been posted to reflect uncertainty.

Taxation: Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

Key sources of estimation uncertainty
Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The turnover policy, described below, requires forecasts to be made of the outcomes of long-term construction contracts, which requires assessments and judgements to be made on recovery of pre-contract costs, changes in the scope of work, contract programmes, defects liabilities and changes in costs. There are several long-term construction contracts where the Group has incorporated significant judgements over contractual entitlements. The range of potential outcomes could result in a positive or negative change to underlying profitability and cash flow. Several of these contracts are expected to reach commercial settlement in 2017.

Provisions (see note 22) are made for expected future losses on incomplete contracts. These provisions require management's best estimate of the costs that will be required to complete contracts based on contractual requirements. It is impracticable to estimate the timing of the utilisation of the future losses and discounting, unless material, has not been applied.

The group has defined benefit pension scheme obligations (see note 23) to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors: including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends and take into account the advice of a qualified actuary.

Turnover
Turnover represents the value of work carried out, gross property income and services supplied to clients during the year.

Construction turnover includes variations in contract work and is recognised when it is probable that it will be agreed by the client. Construction turnover also includes claims which are recognised when it is probable that the client will accept the claim and the amount can be measured reliably.

PPP turnover is recognised by allocating a proportion of total cash received over the life of the project to service costs by means of a deemed constant rate of return on those costs. The residual element of projected cash is allocated to the financial asset using the effective interest rate method, giving rise to interest income which is also recorded in turnover.

Profit is recognised on long-term contracts only once the final outcome can be assessed with reasonable certainty by including turnover and cost of sales within the profit and loss account as contract progresses.

Cost of sales
These comprise the direct costs of the work carried out during the year and include any provisions for expected future losses and contingencies on contracts.

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

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

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

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

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

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.

Intangible assets
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill amortisation
Goodwill is amortised over its useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to profit and loss. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

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

The cost of tangible assets includes directly attributable costs incurred during acquisition and installation, other than interest, which is written off to the profit and loss account.

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

Asset class	Depreciation method and rate
Freehold land and buildings	straight line on cost between 3.33% and 10% per annum
Furniture, fittings and equipment	straight line on cost or reducing balance between 5% and 60% per annum
Property, plant and equipment	reducing balance between 5% and 60% per annum

Joint Ventures
Investments in joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the group's share of profit/(loss) after tax based on the latest financial statements and management accounts. In the consolidated balance sheet, the investments are shown as the group's share of gross assets and liabilities.

Associates
In the group financial statements, investments in associates are accounted for using the equity method.

Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment. Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investment properties
Investment properties are carried at their fair values based upon the current market prices for comparable real estate and are determined annually. Valuations consider available market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

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

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

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

The cost of work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the work to its present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognised immediately in profit or loss.

Long-term contract balances represent costs incurred net of amounts transferred to cost of sales 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 in profit or loss.

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

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

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

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

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

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

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

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

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

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

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

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

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

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

Defined benefit pension obligation
Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and remuneration.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Financial instruments
Classification
The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Recognition and measurement
Basic financial assets, including trade and other receivables, cash and bank balances and investments in short-term deposits, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised costs using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Recognition and measurement (continued...)
Basic financial liabilities, including trade and other payables, Senior loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of Senior loan facilities are recognised at transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Impairment
At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derivative financial instruments and hedging

Derivatives

Derivatives, including interest rate swaps, inflation swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Hedging

The group applies hedge accounting for transactions entered into in order to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designed as cash flow hedges of floating rate borrowings.

Changes in fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in profit or loss.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discounted when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Contracting	813,472	740,350
Property	8,485	13,625
PPP concessions	47,652	45,706
	869,609	799,681

The analysis of the group's turnover for the year by market is as follows:

	2016 £ 000	2015 £ 000
United Kingdom	854,647	778,860
Caribbean	14,962	20,821
	869,609	799,681

4 Other operating (loss)/gains

The analysis of the group's other gains and losses for the year is as follows:

	2016 £ 000	2015 £ 000
Gain on disposal of property, plant and equipment	293	447
Gain on disposal and revaluations of investment properties	(353)	8,209
Gain on disposal of investments	44	13,179
	(16)	21,835

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	5,923	5,760
Amortisation expense	984	985
Operating lease expense - property	3,642	3,466
Operating lease expense - plant and machinery	7,176	8,073
Profit on disposal of property, plant and equipment	(293)	(1,048)

6 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest income on investments	1,215	2,351
Bank interest receivable and similar income	4,459	5,095
Foreign exchange gains	995	2,246
Net gain on derivative	-	1,906
	6,669	11,598

7 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest on bank loans and other borrowings	10,301	6,608
Interest on obligations under finance leases and hire purchase contracts	92	-
Net interest expense on employee benefit liabilities	2,974	684
Net loss on derivative	1,644	-
	15,011	7,292

8 Recognition of group pension scheme liabilities

In prior years, where a surplus or benefit arose in The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme, the employer and members were assumed to either benefit from or pay for this in equal proportions. As a result, the group accounted for only 50% of the overall scheme deficit. During the year, and following the result of the triennial valuation (as at 31 October 2015), it was concluded that this assumption was no longer sustainable and as a result, the group has recognised the entire deficit of the scheme. This resulted in an exceptional item in the profit and loss account of £53,434,000.

9 Staff costs

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

	2016 £ 000	2015 £ 000
Wages and salaries	128,122	113,215
Social security costs	14,126	12,461
Pension costs, defined contribution scheme	3,718	3,081
Pension costs, defined benefit scheme	3,464	3,015
	149,430	131,772

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

	2016 No.	2015 No.
Average number employed during the year	2,199	2,128

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Remuneration	2,292	825

Key management personnel compensation in both the current and prior year consists only of directors' remuneration.

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

	2016 No.	2015 No.
Accruing benefits under defined benefit pension scheme	2	-

No directors (2015 - none) were members of defined contribution schemes.

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Remuneration	432	283

11 Auditor's remuneration

	2016 £ 000	2015 £ 000
Audit of these financial statements	40	20
Audit of the financial statements of subsidiaries of the company pursuant to legislation	303	244
	343	264

Other fees to auditor

Tax advisory services	-	5

12 Taxation

Tax credited in the profit and loss account

	2016 £ 000	2015 £ 000
Current taxation		
United Kingdom corporation tax	161	144
Foreign tax	-	2
Total current tax	161	146
Deferred taxation		
Arising from origination and reversal of timing differences	(10,061)	(10,406)
Total tax credited	(9,900)	(10,260)

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax of 20.00% (2015 - 20.41%) to the profit before tax is as follows:

	2016 £ 000	2015 £ 000
Loss before tax	(43,200)	(50,487)
Corporation tax at standard rate	(8,640)	(10,295)
Income not taxable in determining taxable profit	(2,044)	(4,034)
Expenses not deductible for tax purposes	746	770
Remeasurement of deferred tax assets and liabilities due to changes in United Kingdom tax rate	675	(106)
Change in unrecognised deferred tax assets	174	7,896
Utilisation of tax losses not previously recognised	(811)	(1,299)
Utilisation of capital losses not previously recognised	-	(3,192)
Total tax credit	(9,900)	(10,260)

Deferred tax

Group

Deferred tax assets and liabilities (see note 19 and 22)

2016	Asset £ 000	Liability £ 000
Depreciation in excess of capital allowances	-	169
Short term timing differences	430	9,205
Losses	12,995	-
Revaluation of investment property	-	331
Retirement benefit obligations	28,075	-
	41,500	9,705

2015	Asset £ 000	Liability £ 000
Depreciation in excess of capital allowances	-	-
Short term timing differences	169	9,499
Losses	11,775	-
Revaluation of investment property	-	242
Retirement benefit obligations	11,949	-
	23,893	9,741

There are no unrecognised deferred tax liabilities (2015 - £Nil).

There are £26,761,000 (2015 - £30,391,000) of unrecognised deferred tax assets. These are analysed as follows:

	2016 £ 000	2015 £ 000
Accelerated capital allowances	3,050	2,442
Losses	20,922	26,876
Short term timing differences	2,789	1,073
	26,761	30,391

Company

Deferred tax assets and liabilities (see note 19)

Deferred tax assets of £27,133,000 have been recognised in respect of retirement benefit obligations (2015: £11,076,000 in respect of retirement benefit obligations).

There are no unrecognised deferred tax liabilities within the company (2015 - £Nil).

There are £15,000 (2015 - £632,000) of unrecognised deferred tax assets. These are analysed as follows:

	2016 £ 000	2015 £ 000
Accelerated capital allowances	4	-
Short term timing differences	11	632
	15	632

The United Kingdom Corporation Tax fell from 21% to 20% from 1 April 2015 and will reduce from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 proposed a further reduction to the corporation tax main rate to 17% with effect from 1 April 2020. The Finance Act 2016 was enacted on 15 September 2016.

13 Intangible assets

Group

	Goodwill £ 000
Cost	
At 1 November 2015	19,585
At 31 October 2016	19,585
Amortisation	
At 1 November 2015	11,888
Amortisation charge	984
At 31 October 2016	12,872
Carrying amount	
At 31 October 2016	6,713
At 31 October 2015	7,697

Goodwill is amortised over the expected useful lives of the intangible assets, which are estimated to range between 10 and 20 years.

No research and development costs were capitalised during the year (2015 - £Nil). The aggregate amount of research and development expenditure recognised as an expense during the year was £7.5m (2015 - £7.3m).

Company

The company had no intangible assets at 31 October 2016 (2015 - £Nil).

No research and development costs were capitalised during the year (2015 - £Nil) and no research and development costs were expensed during the year (2015 - £Nil).

14 Tangible assets

Group

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Property, plant and equipment £ 000	Total £ 000
Cost				
At 1 November 2015	26,396	17,828	40,404	84,628
Additions	-	1,438	8,173	9,611
Disposals	(9)	(389)	(4,031)	(4,429)
Foreign exchange movements	861	89	1,844	2,794
At 31 October 2016	27,248	18,966	46,390	92,604
Depreciation				
At 1 November 2015	10,365	15,317	27,911	53,593
Charge for the year	786	946	4,191	5,923
Eliminated on disposal	(246)	(355)	(3,360)	(3,961)
Foreign exchange movements	270	101	1,427	1,798
At 31 October 2016	11,175	16,009	30,169	57,353
Carrying amount				
At 31 October 2016	16,073	2,957	16,221	35,251
At 31 October 2015	16,031	2,511	12,493	31,035

Assets held under finance leases and hire purchase contracts

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

	2016 £ 000	2015 £ 000
Property, plant and equipment	4,327	-

15 Investment properties

Group

	2016 £ 000
At 1 November 2015	11,718
Additions	4,200
Fair value adjustments	(478)
At 31 October 2016	15,440

All investment properties are freehold. The comparable historical cost of the investment properties is £13.443m (2015 - £9.243m) and the comparable historical depreciation of the investment properties is £1.510m (2015 - £1.241m).

The wholly-owned investment properties, which are all situated in the United Kingdom, were revalued by the directors based upon internal recommendations made by qualified Chartered Surveyors and based on market values in both the current year and prior year. There has been no valuation of investment properties by an independent valuer (2015 - no valuations by an independent valuer).

There are no restrictions on the realisability of the investment properties.

16 Investments

Group

	2016 £ 000	2015 £ 000
Investments in joint ventures (see note 16a)	43,440	29,507
Investments in associates (see note 16b)	198	198
	43,638	29,705

16a Investments in joint ventures

The carrying value of the group's investments in joint ventures was as follows:

Cost and carrying amount	Equity £ 000	Loans £ 000	Total £ 000
At 1 November 2015	13,260	16,247	29,507
Profit for the year	11,569	-	11,569
Dividends paid	(7,397)	-	(7,397)
Disposal	(25)	-	(25)
Increase in loans	-	4,437	4,437
Exchange rate adjustments	5,242	107	5,349
At 31 October 2016	22,649	20,791	43,440

See note 32 for a list of joint ventures of the parent company and group.

16b Investments in associates

The carrying value of the group's investments in associates was as follows:

	Equity	Loans	Total
Cost and carrying amount	**£ 000**	**£ 000**	**£ 000**
At 1 November 2015	143	55	198
Profit for the year	24	-	24
Additions of loans	-	1	1
Repayment of loans	-	(25)	(25)
At 31 October 2016	167	31	198

See note 32 for a list of associates of the parent company and group.

Company

The carrying value of the company's investments in subsidiaries was as follows:

	£ 000
Cost	
At 1 November 2015 and 31 October 2016	135,008
Provision	
At 1 November 2015	2,327
Provision	(369)
At 31 October 2016	1,958
Carrying amount	
At 31 October 2016	133,050
At 31 October 2015	132,681

See note 32 for a list of subsidiary undertakings of the company.

17 Other financial assets

	Unlisted securities	Loans	Total
Cost	**£ 000**	**£ 000**	**£ 000**
At 1 November 2015	12,403	17,293	29,696
Additions	-	240	240
Disposals	-	(650)	(650)
At 31 October 2016	12,403	16,883	29,286
Provisions			
At 1 November 2015	2,245	415	2,660
Provisions released in the year	(688)	(305)	(993)
At 31 October 2016	1,557	110	1,667
Carrying amount as at 31 October 2016	10,846	16,773	27,619
Carrying amount as at 31 October 2015	10,158	16,878	27,036

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

18 Stocks

	Group	
	2016	**2015**
	£ 000	**£ 000**
Raw materials and consumables	554	668
WIP and long-term contract balances	780	736
Properties held for development and sale	57,447	53,984
	58,781	55,388

19 Debtors

		Group		Company	
		2016	2015	2016	2015
Due in less than one year:	**Note**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade debtors		5,905	3,535	-	-
Financial assets		3,998	8,856	-	-
Amounts owed by related parties		-	-	121,194	66,808
Other debtors		23,638	24,709	2	24
Prepayments		15,357	10,456	420	33
Gross amount due from customers for contract work		119,951	117,919	-	-
Deferred tax assets	12	5,806	2,719	1,398	-
Corporation tax asset		5,151	1,802	2,072	1,909
		179,806	169,996	125,086	68,774

		Group		Company	
		2016	2015	2016	2015
Due in more than one year:	**Note**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Financial assets		129,441	122,628	-	-
Other debtors		3,192	4,943	-	-
Gross amount due from customers for contract work		24,199	23,031	-	-
Deferred tax assets	12	35,694	21,174	25,735	11,076
		192,526	171,776	25,735	11,076

Amounts owed by related parties, which include subsidiaries and associated undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand, except for those items disclosed in note 30.

20 Cash at bank and in hand

	Group		Company	
	2016	2015	2016	2015
	£ 000	**£ 000**	**£ 000**	**£ 000**
Cash at bank	134,058	176,480	5,051	2,296
Short-term deposits	90,050	84,749	-	-
	224,108	261,229	5,051	2,296

Group
Short-term deposits held by the group have an original maturity of 12 months or less. At the balance sheet date the average maturity of deposits was 7 months (2015 - 5 months). The average interest rate was 0.77% (2015 - 0.70%). They are measured at amortised cost.

Within the group figures for short-term deposits is £66,264,000 (2015 - £75,510,000) and within cash at bank is £21,861,000 (2015 - £8,076,000) held under terms which are currently restrictive. These are held primarily by PPP Special Purpose Vehicles in both the current and prior year.

Company
The company had no short-term deposits (2015 - £nil) and the company had no cash at bank held under terms which are currently restrictive (2015 - £nil).

21 Creditors

		Group		Company	
		2016	2015	2016	2015
	Note	£ 000	£ 000	£ 000	£ 000
Due within one year					
Loans and borrowings	26	7,160	9,649	-	-
Trade creditors		196,059	194,634	-	-
Amounts due to related parties		-	-	107,149	168,928
Corporation tax liability		2,845	-	-	-
Social security and other taxes		7,270	6,957	-	-
Other payables		4,717	12,566	-	-
Accrued expenses		30,879	26,076	169	101
Deferred income		57,919	34,535	-	-
		306,849	284,417	107,318	169,029
Due after one year					
Loans and borrowings	26	180,040	178,352	-	-
Trade creditors		15,578	18,725	-	-
Other payables		18,765	14,672	-	-
Deferred income		29,511	33,852	-	-
		243,894	245,601	-	-

Amounts due to related parties, which include subsidiaries and associated undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand, except for those items disclosed in note 30.

22 Provisions for liabilities

Group

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 1 November 2015	9,741	45,941	55,682
Provisions utilised	(36)	(45,879)	(45,915)
At 31 October 2016	9,705	62	9,767

See note 12 for a breakdown of the deferred tax liabilities.

Other provisions relate to expected future losses on incomplete contracts and compensation arrangements.

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

Company

	Other provisions £ 000
At 1 November 2015	6,175
Provisions utilised	(6,113)
At 31 October 2016	62

Other provisions relate to compensation arrangements.

It is impracticable to estimate the timing of the compensation arrangements. All amounts included within provisions have not been discounted.

23 Pension and other schemes

Defined contribution pension schemes

Group
A subsidiary of the group operates two defined contribution pension schemes where employee contributions are matched by company contributions. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £3,718,000 (2015 - £3,081,000). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2015 - £Nil).

Defined benefit pension and other schemes

Group and company
Newarthill Limited operates two defined benefit schemes - a staff scheme (The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme), which was open to all members of staff but has been closed to new entrants since 2002 and a senior executive scheme.

Group
In addition, a subsidiary of the group operates a post-retirement medical scheme for a number of former employees.

2016	Staff scheme £ 000	Executive scheme £ 000	Post-retirement medical scheme £ 000	Total £ 000
Total liability	165,411	7,659	5,227	178,297
Allocated outside of the group	(16,541)	-	-	(16,541)
	148,870	7,659	5,227	161,756

2015	Staff scheme £ 000	Executive scheme £ 000	Post-retirement medical scheme £ 000	Total £ 000
Total liability	105,451	2,656	4,365	112,472
Allocated outside of the group	(4,218)	-	-	(4,218)
Allocated to members	(52,726)	-	-	(52,726)
	48,507	2,656	4,365	55,528

The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme

Benefits are based upon pensionable pay. Until 31 December 2012, pensionable pay increased annually although this was capped dependent on a variety of factors. Any difference between actual salary and pensionable pay was paid into a defined contribution fund. From 1 January 2013, the pensionable pay was frozen and contributions are based on this frozen element - with the difference continuing to be paid into the defined contribution fund. Depending on the level of contribution being made by the member, their final pension is based either on this frozen pensionable pay figure or will increase over time - dependent on a variety of factors. Employee contributions are matched by the employer. The assets of the scheme are held separately from those of the group. The pension costs are assessed in accordance with the advice of an external, qualified actuary using the projected unit method. Total contributions (employer and employee) made during the year were £7,228,000 (2015 - £4,790,000). Included within the current year's contributions is an additional payment of £2,909,000 made by the employer.

The date of the most recent comprehensive actuarial valuation was 31 October 2015. The pension cost relating to the scheme is assessed in accordance with the advice of an external, qualified actuary using the projected unit method. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. The post-retirement rate of return uses the gilt yield curve +1.0% and the pre-retirement rate of return uses the gilt yield curve +2.25%. Salary increases are assumed to be 2.0% per annum and pension increases range between 2.5% and 5.0% depending on when the benefit was accrued. At the date of the latest actuarial valuation, the valuation showed a net deficit of £107.6m, with the market value of the scheme's investments amounting to £372.0m which was sufficient to cover 78% of the benefits that had accrued to members. The scheme has been closed to new entrants and under the projected unit method the current service cost will increase as the members approach retirement.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £8,351,000 (2015 - £7,320,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2015 - £Nil).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amount included in the balance sheet arising from the group's obligations in respect of its staff defined benefit scheme is as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	443,122	365,427
Present value of defined benefit obligation	(608,533)	(470,878)
Net liability recognised in the balance sheet	(165,411)	(105,451)

The above figures show the total scheme liability and do not deduct any amounts allocated outside of the group or to the members.

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2016 £ 000
Present value at start of year	470,878
Current service cost	4,337
Interest cost	17,998
Actuarial gains and losses	134,503
Benefits paid	(21,343)
Contributions by scheme participants	2,160
Present value at end of year	608,533

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2016 £ 000
Fair value at start of year	365,427
Interest income	13,984
Return on plan assets, excluding amounts included in interest income/(expense)	77,826
Employer contributions	5,068
Contributions by scheme participants	2,160
Assets distributed on settlements	(21,343)
Fair value at end of year	443,122

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Cash and cash equivalents	76,217	66,872
Equity instruments	271,634	214,603
Debt instruments	95,271	83,952
	443,122	365,427

Return on scheme assets

	2016 £ 000	2015 £ 000
Return on scheme assets	77,826	14,928

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company except for the two described below.

The entity's own financial instruments included in the fair value of scheme assets are as follows:

28% of the ordinary shares in Paget Health Services (Holdings) Limited are held by the pension scheme and the fair value of its investment at 31 October 2016 was £13,463,000 (2015 - £10,743,000). 2.125% of the ordinary shares in Autolink Holdings (M6) Limited are held by the pension scheme and the fair value of its investment at 31 October 2016 was £1,124,000 (2015 - £1,405,000).

Principal actuarial assumptions

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

	2016	2015
	%	%
Discount rate	2.70	3.90
Retail Price Index (RPI) inflation	3.35	3.10
Consumer Price Index (CPI) inflation	2.35	2.10
Rate of increase in salaries	2.50	2.50
Rate of increase in pension payments	2.50 - 3.60	2.50 - 3.10

Post retirement mortality assumptions

	2016	2015
	Years	Years
Current UK pensioners at retirement age - male	22.30	22.10
Current UK pensioners at retirement age - female	23.90	23.30
Future UK pensioners at retirement age - male	24.40	24.10
Future UK pensioners at retirement age - female	26.20	25.60

Plans that share risks between entities under common control

Newarthill Group shares the risks of the Scheme with Renewable Energy Systems Holdings Limited - an entity formerly held within the Newarthill Group but now separate although under common control.

The Scheme's deficit is shared between the Newarthill Group and the Renewable Energy Systems Holdings Limited Group. Newarthill Group recognises 90% of the costs and liabilities of the Scheme and Renewable Energy Systems Holdings Limited Group recognises 10%. The figures shown in this note represent the total scheme liability although movements and balances within the financial statements only recognise the 90% allocated to the Newarthaill Group.

Contributions are based on a percentage of a member's pensionable salary which are matched by their employer. An additional contribution was made by the company in 2016 of £2.9m. Additional employer payments will continue in 2017 and these will be based on the same percentage ratio as the deficit recognition noted above.

Executive Pension Scheme

The group operates a separate scheme for senior executives. The pension costs are assessed in accordance with the advice of an external, qualified actuary using the projected unit method. Actual contributions made were £530,000 (2015 - £532,000).

The date of the most recent comprehensive actuarial valuation was 31 December 2015. The group operates a defined benefit pension scheme for senior executives. The assets of the scheme are held separately from those of the company. The pension cost relating to the scheme is assessed in accordance with the advice of an external, qualified actuary using the projected unit method. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. The post-retirement rate of return uses the Bank of England stripped gilts nominal spot yield curve +0.5% and the pre-retirement rate of return uses the same yield curve +1.2%. Salary increases are assumed to be in line with inflation and pension increases range between 2.5% and 5.0%. At the date of the latest actuarial valuation, the valuation showed a net deficit of £3.7m.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £454,000 (2015 - £235,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2015 - £Nil).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amount included in the balance sheet arising from the group's obligations in respect of its executive defined benefit scheme is as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	29,709	27,929
Present value of defined benefit obligation	(37,368)	(30,585)
Net liability recognised in the balance sheet	(7,659)	(2,656)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2016 £ 000
Present value at start of year	30,585
Current service cost	360
Interest cost	1,193
Actuarial gains and losses	5,230
Present value at end of year	37,368

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2016 £ 000
Fair value at start of year	27,929
Interest income	1,099
Return on plan assets, excluding amounts included in interest income/(expense)	151
Contributions by scheme participants	530
Fair value at end of year	29,709

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Cash and cash equivalents	-	6
Equity instruments	9,299	8,678
Insured annuity	18,301	17,700
With profit funds	2,109	1,545
	29,709	27,929

Return on scheme assets

	2016 £ 000	2015 £ 000
Return on scheme assets	151	(1,158)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions are the same as the Staff Scheme, except for the following:

	2016 %	2015 %
Future salary increases	3.70	3.50
Future pension increases	3.20	3.10

Post retirement mortality assumptions

	2016 Years	2015 Years
Current UK pensioners at retirement age - male	22.30	22.60
Current UK pensioners at retirement age - female	24.00	24.70
Future UK pensioners at retirement age - male	24.40	24.70
Future UK pensioners at retirement age - female	26.20	27.00

Post-retirement medical scheme

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

Reconciliation of scheme liabilities to liabilities recognised

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

	2016 £ 000	2015 £ 000
Present value of scheme liabilities	(5,227)	(4,365)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2016 £ 000
Present value at start of year	(4,365)
Interest cost	(166)
Premiums paid	218
Change to assumptions	(914)
Present value at end of year	(5,227)

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	2.70	3.90
Medical expenses inflation	9.50	8.50

Post retirement mortality assumptions

Mortality assumptions are the same as those used for the staff pension scheme.

24 Called up share capital

Group and company

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary of £1 each	7,103	7,103	7,103	7,103
A Ordinary of £0.0001 each	7,218	1	7,218	1
	14,321	7,104	14,321	7,104

Rights, preferences and restrictions
Ordinary have the following rights, preferences and restrictions:
The holders of the ordinary shares are entitled to dividends in proportion to the number of shares they hold. Dividends per share class do not have to be paid in equal measure.

A Ordinary have the following rights, preferences and restrictions:
The holders of the A ordinary shares are entitled to dividends in proportion to the number of shares they hold. Dividends per share class do not have to be paid in equal measure. The A ordinary shares do not carry any voting rights.

On 4 December 2014, 114,746 Ordinary Shares of £1 were purchased by the company for a total consideration of £2,232,957. The price paid was £19.46 per share.

25 Reserves

Group
Share capital

The two classes of shares and their rights are described in note 24.

Capital redemption reserve

The capital redemption reserves represents the price of the group's re-purchase of its own shares.

Other reserves

Other reserves comprise undistributable profits and unrealised gains and losses on exchange. Also included in other reserves is a hedging reserve which is used to record transactions arising from the group's cash flow hedging arrangements.

Profit and loss account

The profit and loss account represents the group's total retained earnings available for distribution.

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

	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Unrealised gain/(loss) on cash flow hedges	-	(4,161)	749	(3,412)
Foreign currency translation gains	-	19,326	-	19,326
Remeasurement losses on pension and post-retirement medical schemes net of deferred tax	-	-	(734)	(734)
Full recognition of pension scheme deficit	-	-	(44,338)	(44,338)
	-	15,165	(44,323)	(29,158)

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

	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Unrealised gain/(loss) on cash flow hedges	-	(2,334)	420	(1,914)
Foreign currency translation gains	-	1,550	-	1,550
Remeasurement losses on pension and post-retirement medical schemes net of deferred tax	-	-	(9,519)	(9,519)
	-	(784)	(9,099)	(9,883)

Company

Share capital

The two classes of shares and their rights are described in note 24.

Capital redemption reserve

The capital redemption reserves represents the price of the company's re-purchase of its own shares.

Profit and loss account

The profit and loss account represents the company's total retained earnings available for distribution.

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

	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
Full recognition of pension scheme deficit	-	(44,338)	(44,338)

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

	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
Remeasurement losses on defined benefit pension schemes net of deferred tax	-	(9,471)	(9,471)

26 Loans and borrowings

	Group 2016 £ 000	Group 2015 £ 000
Non-current loans and borrowings		
Finance leases (see note 27)	3,151	-
Senior loans	176,889	178,352
	180,040	178,352

	Group 2016 £ 000	Group 2015 £ 000
Current loans and borrowings		
Finance leases (see note 27)	1,123	-
Senior loans	6,037	9,649
	7,160	9,649

Group

Included in the loans and borrowings are the following amounts due after more than five years:

	2016 £ 000	2015 £ 000
Senior loans after more than five years by instalments	135,943	146,407
Senior loans after more than five years not by instalments	4,921	-
	140,864	146,407

Senior loans after five years
The group has the following Senior loans:

£10,128,000 (2015 - £11,077,000) taken out by a subsidiary - Autolink Concessionaires (A19) Limited. The senior loan accrues interest on a semi annual basis at 0.9% above LIBOR plus MLA costs. The senior loan is due for repayment in 2024 and is secured over the assets of the subsidiary.

£27,862,000 (2015 - £30,416,000) taken out by a subsidiary - Autolink Concessionaires (A19) Limited. The senior loan accrues interest on a semi annual basis at 6.748%. The senior loan is due for repayment in 2024 and is secured over the assets of the subsidiary.

£38,431,000 (2015 - £40,323,000) taken out by a subsidiary - Pinnacle Schools (Gateshead) Limited. The senior loan accrues interest on a semi annual basis at 0.95% above LIBOR plus MLA costs. The margin varies but will not exceed 0.95%. The senior loan is due for repayment in 2032 and is secured over the assets of the subsidiary.

£31,413,000 (2015 - £31,724,000) taken out by a subsidiary - SRM (Redcar & Cleveland) Limited. The senior loan accrues interest on a semi annual basis at 0.6% above LIBOR plus reserve asset costs. The senior loan is due for repayment in 2037 and is secured over the assets of the subsidiary.

£72,111,000 (2015 - £72,200,000) taken out by a subsidiary - Sir Robert McAlpine Road Holdings Limited. The senior loan accrues interest on a semi annual basis at 4% plus annual RPI. The senior loan is due for repayment in 2027 and is secured over the assets of the subsidiary.

£5,000,000 (2015 - £Nil) taken out by a subsidiary - Cardiff Gate Business Park Limited. £4,000,000 of the senior loan accrues interest on a semi annual basis at 5.1% and £1,000,000 of the senior loan accrues interest on a semi annual basis at 4.0% above LIBOR. The senior loan is due for repayment in 2020 and is secured over the assets and land of the subsidiary.

All senior loans are repayable by non-equal instalments, except for the £5,000,000 held by Cardiff Gate Business Park Limited, which will be repaid in full on the repayment date.

27 Obligations under leases and hire purchase contracts

Group

Finance leases
The finance leases relate to the purchase of cranes used in the group's construction activities. Cranes are classified as other property, plant and equipment in note 14. There are no contingent rental, renewal or purchase option clauses.

The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	1,296	-
Later than one year and not later than five years	3,373	-
	4,669	-

Operating leases
The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	1,802	879
Later than one year and not later than five years	6,606	7,586
Later than five years	1,365	156
	9,773	8,621

The amount of non-cancellable operating lease payments recognised as an expense during the year was £10,818,000 (2015 - £11,539,000).

Operating leases - lessor
The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	95	91
Later than one year and not later than five years	1,300	1,107
Later than five years	1,103	1,232
	2,498	2,430

Total contingent rents recognised as income in the period are £1,364,000 (2015 - £1,963,000).

There are no contingent rental, renewal, purchase options, escalation clauses or restrictions imposed.

28 Dividends

	2016 £ 000	2015 £ 000
Interim dividend of £0.0704 (2015 - £Nil) per ordinary share	500	-
	500	-

The directors are not proposing a final dividend (2015 - £Nil).

29 Contingent liabilities

Group
There were contingencies in respect of the following:

Guarantees of contract performance bonds given in the normal course of business;

Guarantees of performance of subsidiary and joint arrangements under funding and leasing agreements; and

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 guaranteed the future leasehold rental payments for one of its joint ventures. The maximum liability at 31 October 2016 was £1,081,000 (2015 - £2,049,000). The contingent liability expires in September 2018.

30 Related party transactions

Group
There were transactions amounting to £19.0m (2015 - £14.3m) in respect of construction and other contracts on normal commercial terms with various joint arrangements, of which £1.1m (2015 - £0.3m) was owing at the year end and included within debtors due in less than one year (note 19).

There were transactions amounting to £48.7m (2015 - £85.4m) in respect of construction and other contracts on normal commercial terms with joint ventures and unlisted investments, of which £0.1m (2015 - £Nil) was owing at the year end and included within debtors due in less than one year (note 19).

Included within other financial assets (note 17) are loan balances of £4.2m (2015 - £4.8m) and unlisted securities of £12.4m (2015 - £12.4m) owing from McAulay (Tudor House) Limited and McAulay (Market Buildings) Limited respectively. The loan balances have a fair value of £4.2m (2015 - £4.4m). The unlisted securities have an impairment against them of £1.6m (2015 - £2.2m). A number of directors have an interest in both of these companies.

At the year end, BCM McAlpine Limited owed the group £59.8m (2015 - £50.8m). During the year recoveries against this balance of £6.9m (2015 - £10.7m) were received. During the year the group increased the provision against this balance by £8.2m (2015 - reversed part of the provision by £8.9m). BCM McAlpine Limited is a jointly controlled entity.

Included within turnover were management fees of £0.3m (2015 - £0.4m) received from various joint ventures, of which £Nil (2015 - £Nil) was outstanding at the year end.

Company
The company's related party transactions were with wholly-owned subsidiaries and so have not been disclosed.

31 Financial instruments

Group

Categorisation of financial instruments

	2016 £ 000	2015 £ 000
Financial assets measured at fair value through profit or loss	141,197	140,857
Financial assets that are debt instruments measured at amortised cost	263,402	253,945
	404,599	394,802
Financial liabilities measured at fair value through profit or loss	(21,306)	(17,144)
Financial liabilities measured at amortised cost	(519,322)	(505,917)
	(540,628)	(523,061)

Financial assets measured at fair value

PPP financial assets

Assets constructed by the group's PPP concession companies are classified as financial assets which are held at fair value with changes being recorded in profit or loss. In the operational phase, fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets. During the year there was a decrease in gilt rates resulting in a fair value profit being taken through profit or loss.

The adjustment for risk level premiums vary between 1.5% and 2.9% dependent on the time to maturity and the jurisdiction of the asset.

The fair value is £133,439,000 (2015 - £131,484,000) and the change in value included in profit or loss is a loss of £6,124,000 (2015 - gain of £1,837,000).

Derivative financial instruments - inflation swap

The group has entered into inflation swaps to pay income at RPI and receive income at a fixed rate of 3.445% for maturities ranging between 2017 and 2038. The swaps are based on a principal semi-annual amount of £778,000. The fair value has been arrived at by discounting the future cash flows of the inflation swaps.

The instrument is used to hedge the group's exposure to RPI on income relating to a subsidiary's PPP unitary charge income.

Cash flows on the income and the inflation swap are paid semi-annually.

The fair value is £1,931,000 (2015 - £3,575,000) and the change in value included in profit or loss is a loss of £1,644,000 (2015 - gain of £1,906,000).

Financial liabilities measured at fair value

Derivative financial instruments - interest rate swaps

The group has entered into interest rate swaps to receive interest at floating rates of interest and pay interest at fixed rates of between 4.41% and 5.03% for maturities ranging between 2017 and 2037. The swaps are based on a principal amount of £69,824,000 (part of the principal amount of the group's Senior loan facilities) and matures on the same dates as the Senior loans. The fair value has been arrived at by discounting the future cash flows of the interest rate swaps.

The instruments are used to hedge the group's exposure to interest rate movements on the Senior loans. The hedging arrangement fixes the total interest payable on the Senior loans to between 5.21% and 5.63%.

Cash flows on the Senior loans and the interest rate swaps are paid semi-annually. During 2016, a hedging loss of £3,412,000 (2015 - gain of £1,914,000) net of deferred tax was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

The fair value is a liability of £21,306,000 (2015 - £17,144,000) and the change in value included in profit or loss is £Nil (2015 - £Nil).

Cash flow hedges

Interest rate swap

The group has entered into a cash flow hedge to receive interest at floating rates of interests and pay interest at fixed rates of between 4.41% and 5.03% for maturities ranging between 2017 and 2037.

The hedging arrangement fixes the total interest payable on the Senior loans to between 5.21% and 5.63%.

During 2016, a hedging loss of £3,412,000 (2015 - £1,914,000) net of deferred tax was recognised in Other Comprehensive Income for changes in the fair value of the interest rate swap.

The swaps are based on a principal amount of £69,824,000, part of the principal amount of the Group's Senior loan facilities, and matures on the same dates as the Senior loans.

The fair value of the financial instruments designated as hedging instruments at 31 October 2016 is £(21,306,000) (2015 - £(17,144,000)).

The instruments are used to hedge the Group's exposure to interest rate movements on the Senior loans.
Cash flows on the Senior loans and the interest rate swaps are paid semi-annually.

The amount reclassified from equity to profit or loss for the year is £Nil (2015 - £Nil).

The amount of any excess of the fair value of the hedging instrument over the change in the fair value of the expected cash flows that was recognised in profit or loss for the year is £Nil (2015 - £Nil).

32 Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are shown below. Except where otherwise stated, the companies are incorporated in Great Britain and registered and operated in England and Wales. The subsidiaries marked by * have taken advantage of the exemption from an audit in accordance with Section 479A of the Companies Act 2006. The ultimate parent company has provided a guarantee to each of these subsidiaries in compliance with Section 479C. The entities marked by ^ are held directly by the company. The entities marked by # are jointly controlled entities and by ## are associates and their results and financial position are included in these consolidated financial statements using the equity method of accounting.

Company	Country of Incorporation / registration	Interest in shares
Civil engineering and building		
Bankside Electrical Contractors Limited	*	100% ordinary
British Contracts Company Limited		100% ordinary
Derby Joinery Limited		100% ordinary
McAlpine Limited	Cayman Islands	100% ordinary
McAlpine Offshore Limited		100% ordinary
Partnership Insurance Company	Cayman Islands	100% ordinary
Sir Robert McAlpine Limited		100% ordinary
Sir Robert McAlpine (Holdings) Limited ^		100% ordinary
Sir Robert McAlpine Management Contractors Limited	*	100% ordinary
St. Blaise (1998) Limited		81.68% ordinary
BCM McAlpine Limited #	Bermuda	40% ordinary
McAlpine (Cayman) Limited #	Cayman Islands	40% ordinary

Property development and investments Company	Country of Incorporation / registration	Interest in shares
Abacus Developments Limited	*	100% ordinary
Abacus Projects Limited	*	100% ordinary
Abacus Property Holdings Limited		100% ordinary
ADL Ventures Limited	*	100% ordinary
Axis Land Partnerships Limited		100% ordinary
Brickworth Developments Limited ^	*	100% ordinary
Cardiff Gate Business Park Limited	*	100% ordinary
Concert Bay Limited	*	100% ordinary
ConstructEnergy Limited	*	100% ordinary
Raglan Development Limited	*	100% ordinary
McAlpine Park Lane Inc.	U.S.A.	100% ordinary
McAlpine Properties Limited	Cayman Islands	100% ordinary
MC Alpine Enterprises Limited		100% ordinary
Merlot Developments Limited	*	100% ordinary
Miltons Shoot 2011 Limited		100% ordinary
Oak Court Estates (Langstone, Mon.) Limited	*	100% ordinary
Oak Court Management Company (Coventry) Limited		100% ordinary
Oakus Developments Limited	*	100% ordinary
Robert McAlpine Enterprises Limited		100% ordinary
Seville Holdings Limited	U.S.A.	100% ordinary
Sir Robert McAlpine Enterprises Limited ^		100% ordinary
Sir Robert McAlpine Healthcare Limited		100% ordinary
White Rock Business Park Limited		82% ordinary
Tempus Ten (Management) Limited		54% ordinary
Abvale Developments Limited #		50% ordinary
EHC International Limited #		50% ordinary
Expresso Property (Park Quadrant) Limited #		50% ordinary
Jersey Waterfront Group Holdings I Limited #	Jersey	50% ordinary
McGreen Estates Limited #		50% ordinary
Red Kite Securities Limited #		50% ordinary
Scarmac Limited #		50% ordinary
Consortium 220 LLP #		33.33% ordinary
UBW Limited #	Cayman Islands	20% ordinary
Walton Wagner Limited ##		20% ordinary

Company	Country of Incorporation / registration	Interest in shares
PPP investments		
Aura Learning Communities Limited		100% ordinary
Autolink Concessionaires (A19) Limited		100% ordinary
Autolink Holdings (A19) Limited		100% ordinary
Pinnacle Schools (Gateshead) Holdings Limited		100% ordinary
Pinnacle Schools (Gateshead) Limited		100% ordinary
Pinnacle Schools Limited		100% ordinary
Sir Robert McAlpine Capital Ventures Limited		100% ordinary
Sir Robert McAlpine Healthcare (Dawlish) Limited	*	100% ordinary
Sir Robert McAlpine Road Holdings Limited		100% ordinary
Sir Robert McAlpine (A19) Limited		100% ordinary
Sir Robert McAlpine (M6) Limited		100% ordinary
SRM (Redcar & Cleveland) Holdings Limited		100% ordinary
SRM (Redcar & Cleveland) Limited		100% ordinary
Paget Health Services Limited #	Bermuda	58% ordinary
Endeavour UK 4 Limited #		50% ordinary
Autolink Holdings (M6) Limited #		19.5% ordinary

33 Transition to FRS 102

This is the first year that the group and company have presented their results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014.

Set out below is the impact of the changes in accounting policies which reconcile group profit for the financial year ended 31 October 2015 and the total equity as at 1 November 2014 and 31 October 2015 between UK GAAP as previously reported and FRS 102.

The company loss for the financial year ended 31 October 2015 under UK GAAP as previously reported was £3,719,000 and is £4,637,000 under FRS 102. No transitional profit and loss account is shown for the company.

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2016

Consolidated Balance Sheet at 1 November 2014

	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets				
Intangible assets	8,682	-	-	8,682
Tangible assets	30,886	-	-	30,886
Investment properties	21,455	-	-	21,455
Investments	12,263	-	31,352	43,615
Other financial assets	48,619	3,661	8,522	60,802
	121,905	3,661	39,874	165,440
Current assets				
Stocks	57,790	-	-	57,790
Debtors due in less than one year	144,105	(3,661)	9,562	150,006
Debtors due in more than one year	133,834	-	15,360	149,194
Cash at bank and in hand	220,489	-	630	221,119
	556,218	(3,661)	25,552	578,109
Creditors: Amounts falling due within one year	(278,396)	-	(2,534)	(280,930)
Net current assets/(liabilities)	277,822	(3,661)	23,018	297,179
Total assets less current liabilities	399,727	-	62,892	462,619
Creditors: Amounts falling due after more than one year	(169,906)	-	(12,276)	(182,182)
Provisions for liabilities	(67,146)	-	6,491	(60,655)
Net assets excluding employee benefits liabilities	162,675	-	57,107	219,782
Pensions and post-retirement medical schemes	(36,520)	-	(6,567)	(43,087)
Net assets	126,155	-	50,540	176,695
Capital and reserves				
Called up share capital	7,219	-	-	7,219
Capital redemption reserve	15,056	-	-	15,056
Revaluation reserve	8,775	(8,775)	-	-
Other reserves	4,424	-	(14,386)	(9,962)
Profit and loss account	90,901	8,775	64,926	164,602
Non-controlling interests	(220)	-	-	(220)
Total equity	126,155	-	50,540	176,695

Consolidated Balance Sheet at 31 October 2015

	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets				
Intangible assets	7,697	-	-	7,697
Tangible assets	31,035	-	-	31,035
Investment properties	11,718	-	-	11,718
Investments	7,459	-	22,246	29,705
Other financial assets	23,792	3,661	(417)	27,036
	81,701	3,661	21,829	107,191
Current assets				
Stocks	55,388	-	-	55,388
Debtors due in less than one year	167,932	(3,661)	5,725	169,996
Debtors due in more than one year	147,896	-	23,880	171,776
Cash at bank and in hand	260,543	-	686	261,229
	631,759	(3,661)	30,291	658,389
Creditors: Amounts falling due within one year	(281,944)	-	(2,473)	(284,417)
Net current assets/(liabilities)	349,815	(3,661)	27,818	373,972
Total assets less current liabilities	431,516	-	49,647	481,163
Creditors: Amounts falling due after more than one year	(230,929)	-	(14,672)	(245,601)
Provisions for liabilities	(62,385)	-	6,703	(55,682)
Net assets excluding employee benefits liabilities	138,202	-	41,678	179,880
Pensions and post-retirement medical schemes	(47,797)	-	(7,731)	(55,528)
Net assets	90,405	-	33,947	124,352
Capital and reserves				
Called up share capital	7,104	-	-	7,104
Capital redemption reserve	15,171	-	-	15,171
Revaluation reserve	2,329	(2,329)	-	-
Other reserves	5,974	-	(16,720)	(10,746)
Profit and loss account	60,047	2,329	50,667	113,043
Non-controlling interests	(220)	-	-	(220)
Total equity	90,405	-	33,947	124,352

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2016

Consolidated Profit and Loss Account for the year ended 31 October 2015

	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Turnover	805,513	(5,188)	(644)	799,681
Cost of sales	(848,490)	10,688	1,054	(836,748)
Gross (loss)/profit	(42,977)	5,500	410	(37,067)
Administrative expenses	(23,678)	(5,500)	60	(29,118)
Other operating gains/(losses)	31,177	-	(9,342)	21,835
Operating loss	(35,478)	-	(8,872)	(44,350)
Gain on financial assets at fair value through profit and loss account	-	-	1,837	1,837
Other interest receivable and similar income	9,156	(15)	2,457	11,598
Amounts written off investments	(2,417)	-	-	(2,417)
Interest payable and similar charges	(19,075)	17,528	(5,745)	(7,292)
	(12,336)	17,513	(1,451)	3,726
Share of profit/(loss) of equity accounted investees	12,079	(17,439)	(4,503)	(9,863)
(Loss)/profit before tax	(35,735)	74	(14,826)	(50,487)
Taxation	11,162	(74)	(828)	10,260
Loss for the financial year	(24,573)	-	(15,654)	(40,227)

33.1 Derivative financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the group did not recognise these instruments in the financial statements.

Subsidiaries - interest rate swaps: On transition to FRS 102 the group has adopted cash flow hedging to manage its exposure to interest rate risk. Accordingly at transition, current liabilities of £2,534,000, non-current liabilities of £12,276,000 and a hedging reserve of £14,810,000 were recognised. A pre-tax loss of £nil was recognised in profit and loss and a loss of £2,334,000 was recognised in other comprehensive income for the year ended 31 October 2015. Current liabilities of £2,472,000, non-current liabilities of £14,672,000 and a hedging reserve of £17,144,000 were recognised at 31 October 2015.

Joint ventures - interest rate swaps: On transition to FRS 102 the group did not adopt cash flow hedging as the requirements to meet hedge accounting were not met. Changes in fair values of the derivatives are therefore recorded through profit or loss. Accordingly at transition, a decrease in investments in joint ventures of £15,018,000 was recognised. A pre-tax loss of £5,766,000 was recognised in profit and loss for the year ended 31 October 2015. A decrease in investments in joint ventures of £21,337,000 after exchange adjustments was recognised at 31 October 2015.

Subsidiaries - inflation swaps: On transition to FRS 102 the group did not adopt cash flow hedging as the requirements to meet hedge accounting were not met. Changes in fair values of the derivatives are therefore recorded through profit or loss. Accordingly at transition, debtors of £1,669,000 were recognised. A pre-tax gain of £1,906,000 was recognised in profit and loss for the year ended 31 October 2015. Debtors of £3,575,000 were recognised at 31 October 2015.

33.2 Financial assets

The group took advantage of the exemption available in Section 35.10(i) of FRS 102 to continue to apply the accounting treatment under old UK GAAP in respect of two road investments in PPP Special Purpose Vehicles - the "Grandfathering" exemption.

In respect of its other PPP investments in schools and hospitals, FRS 102 requires that the PPP financial assets are measured at fair value with changes through profit or loss. Previously under UK GAAP these PPP financial assets were measured at amortised cost. Changes to the estimated base costs of these PPP financial assets as a result of the transition have also impacted on the unitary charge receipts allocated as revenue and interest income earned on the assets.

Subsidiaries: Accordingly at transition, an increase in debtors of £14,160,000 was recognised. A pre-tax loss of £644,000 in respect of revenue and £1,837,000 in respect of fair value gains were recognised in profit and loss for the year ended 31 October 2015. An increase in debtors of £15,353,000 was recognised at 31 October 2015.

Joint ventures: Accordingly at transition, an increase in joint ventures of £45,203,000 was recognised. A pre-tax loss of £4,592,000 was recognised in profit and loss for the year ended 31 October 2015. An increase in joint ventures of £42,372,000 after exchange adjustments was recognised at 31 October 2015.

33.3 Lifecycle provisions in PPP concessions

Under previous UK GAAP the group recognised provisions in respect of future lifecycle costs on PPP concessions. Under FRS 102 provisions for lifecycle costs cannot be recognised.

Accordingly at transition, debtors have decreased by £70,000 and provisions have decreased by £6,468,000. A pre tax profit of £1,000,000 was recognised in profit and loss for the year ended 31 October 2015. Current assets have decreased by £80,000 and provisions have decreased by £7,478,000 at 31 October 2015.

33.4 Equity accounted investees

Under previous UK GAAP the results of equity accounted investees were shown net: split between operating profit, net finance costs and taxation. Under FRS 102 the results of equity accounted investees are classified under one heading - "share of profit/(loss) of equity accounted investees".

Accordingly, the transition has resulted in a reclassification of the prior year profit and loss whereby interest payable decreased by £17,513,000 and the tax credit decreased by £74,000. The net share of profit in equity accounted investees reduced by £17,439,000.

33.5 Group pension scheme liability sharing

Under previous UK GAAP the group took advantage of the exemption available in respect of multi-employer defined benefit pension scheme disclosures whereby any scheme surplus or deficit was not allocated to a specific company. Under FRS 102 there is no such exemption and at least one entity must recognise the scheme. The Newarthill Group has split the defined benefit pension scheme liabilities with its sister group, Renewable Energy Systems (Holdings) Limited. 90% of the liabilities have been recognised by Newarthill Limited with the balance being taken by Renewable Energy Systems (Holdings) Limited.

Company: Accordingly at transition, the group pension scheme liability has decreased by £3,141,000. A pre tax profit of £127,000 was recognised in profit and loss for the year ended 31 October 2015. The group pension scheme liability has decreased by £4,218,000 at 31 October 2015.

33.6 Other adjustments arising on transition to FRS 102

Effective interest rate
FRS 102 requires that the amortised cost of the secured debenture loans be calculated using the effective interest method. The effective interest rate is determined on the basis of the carrying amount of financial instruments at initial recognition.

Joint ventures: Accordingly at transition, an increase in investments in joint ventures of £215,000 was recognised. A pre-tax loss of £45,000 was recognised in profit and loss for the year ended 31 October 2015. An increase in investments in joint ventures of £179,000 after deferred tax was recognised at 31 October 2015.

Complex debt instruments
Previously under old UK GAAP a debt instrument held by the group in McAulay (Tudor House) Limited was measured at amortised cost. Due to the nature of the interest receipts and repayment terms FRS 102 requires that the debt instrument is measured at fair value through profit or loss.

Subsidiaries: Accordingly at transition, a decrease in debtors of £3,661,000 and an increase in other financial assets of £2,841,000 was recognised. A pre-tax profit of £403,000 was recognised in profit and loss for the year ended 31 October 2015. A decrease in current assets of £3,502,000 and an increase in other financial assets of £3,244,000 was recognised at 31 October 2015.

Joint ownership properties
Previously under old UK GAAP properties jointly owned by the group and employees were held at cost. FRS 102 requires that the properties be measured at fair value through profit or loss.

Subsidiaries: Accordingly at transition, an increase in debtors of £105,000 was recognised. A pre-tax profit of £148,000 was recognised in profit and loss for the year ended 31 October 2015. An increase in current assets of £253,000 was recognised at 31 October 2015.

Listed securities
Previously under old UK GAAP shares in listed investments were held at the lower of cost or market value. FRS 102 requires that listed investments are measured at fair value through profit or loss.

Subsidiaries: Accordingly at transition, an increase in short term deposits held within cash at bank and in hand of £630,000 and an increase in other financial assets of £9,342,000 was recognised. A pre-tax loss of £9,288,000 was recognised in profit and loss for the year ended 31 October 2015. An increase in current investments held within cash at bank and in hand of £686,000 was recognised at 31 October 2015. .

Losses in joint ventures
Under UK GAAP, the investor recognises its share of losses even after the investment value falls below zero (presenting the credit balance as a liability). In FRS 102, an investor stops recognising its share of losses when the investment value reaches zero unless it has a legal or constructive obligation to make payments on the associate's behalf.

Joint ventures: Accordingly at transition, the group has not recognised losses in one of its joint venture investments. An increase in investments of £952,000 was recognised on transition. A pre-tax profit of £89,000 was recognised in profit and loss for the year ended 31 October 2015. An increase in investments of £1,032,000 was recognised at 31 October 2015.

33.7 Deferred taxation

The impact on deferred tax as a result of the adjustments above was to decrease the deferred tax asset by £651,000 and decrease the deferred tax liability by £23,000 at 1 November 2014. The deferred tax assets were decreased by £1,446,000 and the deferred tax liabilities were increased by £775,000 at 31 October 2015.

Balance Sheet at 1 November 2014

	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Investments	82,743	-	-	82,743
Current assets				
Debtors due in less than one year	30,031	-	-	30,031
Debtors due in more than one year	-	-	8,794	8,794
Cash at bank and in hand	7,165	-	-	7,165
	37,196	-	8,794	45,990
Creditors: Amounts falling due within one year	(83,473)	-	-	(83,473)
Net current (liabilities)/assets	(46,277)	-	8,794	(37,483)
Total assets less current liabilities	36,466	-	8,794	45,260
Provisions for liabilities	(1,725)	-	-	(1,725)
Net assets excluding pension schemes liability	34,741	-	8,794	43,535
Pension schemes	(1,670)	-	(37,064)	(38,734)
Net assets/(liabilities)	33,071	-	(28,270)	4,801
Capital and reserves				
Called up share capital	7,219	-	-	7,219
Capital redemption reserve	15,056	-	-	15,056
Profit and loss account	10,796	-	(28,270)	(17,474)
Total equity	33,071	-	(28,270)	4,801

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2016

Balance Sheet at 31 October 2015

	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Investments	132,681	-	-	132,681
Current assets				
Debtors due in less than one year	68,774	-	-	68,774
Debtors due in more than one year	-	-	11,076	11,076
Cash at bank and in hand	2,296	-	-	2,296
	71,070	-	11,076	82,146
Creditors: Amounts falling due within one year	(169,029)	-	-	(169,029)
Net current (liabilities)/assets	(97,959)	-	11,076	(86,883)
Total assets less current liabilities	34,722	-	11,076	45,798
Provisions for liabilities	(6,175)	-	-	(6,175)
Net assets excluding pension schemes liability	28,547	-	11,076	39,623
Pension schemes	(2,125)	-	(49,038)	(51,163)
Net assets/(liabilities)	26,422	-	(37,962)	(11,540)
Capital and reserves				
Called up share capital	7,104	-	-	7,104
Capital redemption reserve	15,171	-	-	15,171
Profit and loss account	4,147	-	(37,962)	(33,815)
Total equity	26,422	-	(37,962)	(11,540)