Registration number: 01050970

Newarthill Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 October 2017

Newarthill Limited

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Newarthill Limited

Company Information

Directors

The Hon. David M McAlpine
Cullum McAlpine
Sir 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
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Newarthill Limited

Strategic Report for the Year Ended 31 October 2017

The Directors present their strategic report for the year ended 31 October 2017.

Principal activities
Newarthill Limited is a leading building and civil engineering construction group operating primarily within the United Kingdom. The Group comprises a number of subsidiaries including Sir Robert McAlpine Limited. Newarthill Ltd is an investment holding company and its principal activity is the co-ordination of the Group's activities in construction, PPP contracts, property development and property investment.

As we approach our 150-year anniversary, we continue to build on, strengthen and apply the values that have always been at the heart of our operations: a commitment to the highest standards of safety; quality; engineering excellence; sustainability; and an unswerving focus on the needs and aspirations of our clients.

Fair review of the business
Paul Hamer joined Sir Robert McAlpine Ltd as Chief Executive on 31st July 2017. Paul is working with the McAlpine family, the Board and colleagues to create and drive future success. Building on the engineering excellence that is central to every contract, and drawing on the tradition and heritage of Sir Robert McAlpine, Paul is enhancing the company's focus on clients and their needs whilst building on delivery excellence in all of its operations.

Over the course of 2017, Sir Robert McAlpine worked on three energy projects, all of which have incurred considerable losses. Two of these were 'energy from waste' projects which were completed during the year; the final accounts have been agreed with the client and all claims settled. The last project is forecast to be completed by October 2018. The losses incurred or forecast on these projects have been shown as an exceptional item to ensure that anyone reviewing the Group's financial statements has a full understanding of the results. The Group will no longer undertake projects in this sector.

Working with the McAlpine family and the Board, Paul Hamer led a strategic review into the market sectors within which Sir Robert McAlpine Ltd will operate. It was decided that the business will decline future 'energy from waste' construction contracts and other energy projects which carry inherent process risk. The UK construction business continues to work across most other major market sectors, tailoring its design, construction, technical and management capabilities to meet its clients' varying needs.

The Group's key financial indicators are turnover and profit before tax. For 2017, these are:

• The profit on ordinary activities before taxation and exceptional items of the Group was £16.9m compared with a profit of £21.9m in 2016.
• After the exceptional item for losses on energy from waste projects and the recognition of exceptional group pension scheme liabilities the Group made a pre tax loss of £20.2m compared with a loss of £43.2m in 2016.
• Group turnover was £942.5m (2016: £869.6m).

<u>Construction</u>
While the UK construction market remains highly competitive, the construction profits, before exceptional items, of the Group have increased, albeit margins remain unsatisfactory.

During 2017, the Board of Sir Robert McAlpine Ltd continued to concentrate on enhancing the company's focus on clients and driving exemplary delivery capabilities. The business is starting to experience the positive impact of an improved risk management, tendering procedures and, critically, operational delivery. Combined with Sir Robert McAlpine's core commitments of delivering safely, on time, defect-free and sustainably which continue to shape the business, we expect this to drive improved profitability in 2018 and beyond.

Sir Robert McAlpine has completed a number of significant projects over the last year including: the new US Embassy in London for the US State Department; the West Quay shopping centre in Southampton for Hammerson; 132,000 sq. ft. of grade A office accommodation at Silver Fin in Aberdeen for the BA Pension Trust Fund; and its first in-house developed student accommodation project in Coventry. It has handed over the two Energy from Waste projects for HZI in Avonmouth and Buckinghamshire.

Construction (continued...)
Sir Robert McAlpine Ltd has also won or commenced work on a number of notable projects since our last Strategic Report. Building on its considerable expertise and experience of delivering heritage projects, in London it started the refurbishment of The Elizabeth Tower (the clock tower housing Big Ben) and began another phase of work at the Royal Albert Hall. It continued to deliver large scale PRS projects in city-centre locations, winning three further projects: Manchester Gore Street for UK Land & Property funded by Grainger; Birmingham Exchange Square for Nikal; and Victoria Square in Woking for Woking County Council and Moyallen Developments - the first major project for the company's newly formed South-East division.

The company continues to grow its share of the construction management market - this is providing a strong income stream with a lower level of risk than traditional contracting. Having reached practical completion on the new European Headquarters for Bloomberg in London, it commenced another major project in 2017: Phase 3A of the Battersea residential development with a budgetary value of £700m. Looking forward, we forecast that construction management will represent as much as 50% of Sir Robert McAlpine's workload in London.

The proportion of turnover from frameworks has increased as Sir Robert McAlpine Ltd continues working with British Land at Broadgate in London commencing two new projects and, in the healthcare sector, through the P22 framework.

The Civil Engineering division has a clear focus on building long term collaborative relationships with customers who themselves have long term investment plans. The company's initial ambition is to secure new contracts for three key infrastructure customers: Highways England; High Speed 2; and new nuclear. For High Speed 2, it is a partner in the Align JV alongside Bouygues and VolkerFitzpatrick. Align JV has been awarded Contract C1 which forms part of HS2 Phase 1 and includes a new viaduct across the Colne Valley and tunnels under the Chilterns. This project has a budgetary construction value of £965m and construction is due to start in 2018/19 following a period of detailed design.

The Group recognises the importance of our supply chain and we know that we can only achieve exemplary performance through working in partnership with many subcontractors both large and small who collaborate with us on the delivery of our projects. We remain committed to treating them fairly and supporting them with fair payment practices.

The Group also recognises that our people remain our greatest asset and we are committed and focused on creating an environment in which everyone has the opportunity to develop to their full potential. In this regard a new People Strategy has been implemented which focuses on the development of our people, improving our approach to Equality, Diversity and Inclusion, to make Sir Robert McAlpine a leading employer of choice in the industry.

We are very positive about Sir Robert McAlpine's prospects for 2018 and beyond with the level of secured turnover in the pipeline the highest it has been in recent years. However, we will remain cautious and continue to move the business away from fixed price contract risk to a more collaborative approach with our clients.

Capital Ventures
There were no movements in our portfolio of PPP investments during the year and we continue to focus on the delivery of services through the project companies. All of our projects have reached construction completion and are in the services delivery stage. The service delivery of our two road concessions are being provided profitably by our construction business, whilst all of the facilities management services on our other concessions are being delivered by third party contractors.

Property Development and Investments
We have had a successful year which focused on adding value to our existing portfolio rather than expanding the amount of properties under management.

Taxation
The group has a small tax credit of £0.7m, relating primarily to deferred tax credits.

Cash and Borrowings
The group had cash balances of £205.9m (2016 - £224.1m) at the year end. Total Senior loan borrowings were £177.3m (2016 - £182.9m) of which £172.3m (2016 - £177.9m) represented 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 within both the construction and other investment sectors as they arise. The Group has no debt facilities that are repayable on demand and the Group is not subject to any debt covenants or other restrictions. The Group will continue to prioritise profitability and risk mitigation over turnover growth and expects to see a return to robust profitability in the coming year 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.

Contract execution risk: The Group is exposed to risks that could impact on the delivery of contracts to our clients on time, on budget and to the required specification. Rigorous policies and processes have been introduced for mobilisation, monitoring and management of contract performance and maintains a focus on identifying and reporting risks at every stage of the contract. Regular contract reviews are undertaken at a number of levels within the business. The Group monitors the performance of joint arrangements, subcontractors and suppliers throughout the contract.

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. Following the end of the year the Group closed the larger of the two schemes to future accrual.

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.

Governance risk control and mitigation: The challenging of the principal risks and uncertainties forms part of the work of the audit committee. The audit committee also satisfies itself as to the independence of the auditor as well as robustly challenging accounting policies, judgements and estimates, and the Directors' assessment of whether it is appropriate to adopt the going concern basis of accounting.

Approved by the Board on 14/06/2018 and signed on its behalf by:

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Cullum McAlpine
Director

Newarthill Limited

Directors' Report for the Year Ended 31 October 2017

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 October 2017.

Directors of the Group
The directors who held office during the year and to the date of this report, unless otherwise stated were as follows:

The Hon. David M McAlpine

Cullum McAlpine

Sir Andrew W McAlpine

Gavin M McAlpine BA, MSc

David S Jenkins FCA

Donald Joyce CA

Miles C Shelley BA, ACA

Dividends
No interim dividends were 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. Employees are treated equally and fairly, and selection for training, promotion, career progression and other benefits is taken solely on merit and ability to perform against role profiles.

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

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

Going concern
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 14/06/2018 and signed on its behalf by:

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

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and 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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 October 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Newarthill Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and related Notes to the Financial Statements 1 to 33, including a summary of significant accounting policies.

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Newarthill Limited

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

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

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

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

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Independent Auditor's Report to the Members of Newarthill Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Tobias Wright

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

London, United Kingdom

Date: 19 June 2018

Newarthill Limited

Consolidated Profit and Loss Account for the Year Ended 31 October 2017

	Note	Before exceptional items 2017 £ 000	Exceptional items 2017 £ 000	2017 £ 000	Before exceptional items # 2016 £ 000	Exceptional items # 2016 £ 000	2016 £ 000
Turnover	3	880,198	62,301	942,499	839,309	30,300	869,609
Cost of sales		(834,606)	(99,421)	(934,027)	(792,858)	(42,000)	(834,858)
Gross profit/(loss)		45,592	(37,120)	8,472	46,451	(11,700)	34,751
Administrative expenses		(30,769)	-	(30,769)	(33,439)	-	(33,439)
Other operating gains/(losses)	4	5,216	-	5,216	(16)	-	(16)
Operating profit/(loss) before exceptional operating pension item	5	20,039	(37,120)	(17,081)	12,996	(11,700)	1,296
(Loss)/gain on financial assets at fair value through profit and loss account		(1,746)	-	(1,746)	6,124	-	6,124
Interest receivable and similar income	7	6,016	-	6,016	6,669	-	6,669
Amounts written off investments		(1,430)	-	(1,430)	(437)	-	(437)
Interest payable and similar charges	8	(17,245)	-	(17,245)	(15,011)	-	(15,011)
		(14,405)	-	(14,405)	(2,655)	-	(2,655)
Share of profit of equity accounted investees		11,266	-	11,266	11,593	-	11,593
Profit/(loss) before exceptional operating item and tax		16,900	(37,120)	(20,220)	21,934	(11,700)	10,234
Exceptional operating item: Recognition of group pension scheme liabilities	6	-	-	-	-	(53,434)	(53,434)
Profit/(loss) before tax		16,900	(37,120)	(20,220)	21,934	(65,134)	(43,200)
Taxation	12	667	-	667	677	9,223	9,900
Profit/(loss) for the financial year		17,567	(37,120)	(19,553)	22,611	(55,911)	(33,300)
Profit/(loss) attributable to:							
Owners of the company		17,567	(37,120)	(19,553)	22,613	(55,911)	(33,298)
Minority interests		-	-	-	(2)	-	(2)
		17,567	(37,120)	(19,553)	22,611	(55,911)	(33,300)

The above results were derived from continuing operations.

restated (see note 2)

Consolidated Statement of Comprehensive Income for the Year Ended 31 October 2017

	2017 £ 000	2016 £ 000
Statutory Loss for the financial year	(19,553)	(33,300)
Unrealised loss on cash flow hedges	82	(3,412)
Foreign currency translation (losses)/gains	(7,568)	19,326
Remeasurement gain/(loss) on defined benefit pension and post-retirement medical schemes net of deferred tax	37,361	(45,072)
	29,875	(29,158)
Total comprehensive income/(loss) for the year	10,322	(62,458)
Total comprehensive income/(loss) attributable to:		
Equity shareholders of the company	10,322	(62,456)
Non-controlling interests	-	(2)
	10,322	(62,458)

The notes on pages 19 to 60 form an integral part of these financial statements.

Newarthill Limited

(Registration number: 01050970)
Consolidated Balance Sheet as at 31 October 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	13	5,729	6,713
Tangible assets	14	35,966	35,251
Investment properties	15	20,366	15,440
Investments	16	44,360	43,638
Other financial assets	17	27,614	27,619
		134,035	128,661
Current assets			
Stocks	18	59,272	58,781
Debtors due in less than one year	19	199,627	179,806
Debtors due in more than one year	19	182,183	192,526
Cash at bank and in hand	20	205,893	224,108
		646,975	655,221
Creditors: Amounts falling due within one year	21	(323,780)	(306,849)
Net current assets		323,195	348,372
Total assets less current liabilities		457,230	477,033
Creditors: Amounts falling due after more than one year	21	(242,064)	(243,894)
Provisions for liabilities	22	(28,547)	(9,767)
Net assets excluding employee benefits liabilities		186,619	223,372
Pension and other schemes	23	(114,681)	(161,756)
Net assets		71,938	61,616
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve		15,171	15,171
Other reserves		(2,932)	4,419
Profit and loss account		52,595	34,922
Total equity		71,938	61,616

Approved and authorised by the Board on 14/06/2018 and signed on its behalf by:

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Cullum McAlpine

Director

Newarthill Limited

(Registration number: 01050970)
Company Balance Sheet as at 31 October 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Investments	16	132,880	133,050
Current assets			
Debtors due in less than one year	19	129,607	125,086
Debtors due in more than one year	19	17,376	25,735
Cash at bank and in hand	20	10,338	5,051
		157,321	155,872
Creditors: Amounts falling due within one year	21	(132,818)	(107,318)
Net current assets		24,503	48,554
Total assets less current liabilities		157,383	181,604
Provisions for liabilities	22	(62)	(62)
Net assets excluding pension schemes liability		157,321	181,542
Pension schemes	23	(109,098)	(156,529)
Net assets		48,223	25,013
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve		15,171	15,171
Profit and loss account		25,948	2,738
Total equity		48,223	25,013

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the Company is presented. The Company made a loss after tax for the financial year of £14,842,000 (2016 - profit of £81,391,000).

Approved and authorised by the Board on 14/06/2018 and signed on its behalf by:

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Cullum McAlpine

Director

Newarthill Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 October 2017
Equity attributable to the parent company

	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 2016	7,104	15,171	4,419	34,922	61,616	-	61,616
Loss for the financial year	-	-	-	(19,553)	(19,553)	-	(19,553)
Other comprehensive income/(loss) (see note 25)	-	-	(7,351)	37,226	29,875	-	29,875
Total comprehensive income/(loss)	-	-	(7,351)	17,673	10,322	-	10,322
At 31 October 2017	7,104	15,171	(2,932)	52,595	71,938	-	71,938

	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 loss (see note 25)	-	-	15,165	(44,323)	(29,158)	-	(29,158)
Total comprehensive loss	-	-	15,165	(77,621)	(62,456)	(2)	(62,458)
Dividends	-	-	-	(500)	(500)	-	(500)
Acquisition of non-controlling interest, increase in equity	-	-	-	-	-	222	222
At 31 October 2016	7,104	15,171	4,419	34,922	61,616	-	61,616

The notes on pages 19 to 60 form an integral part of these financial statements.

Newarthill Limited

Company Statement of Changes in Equity for the Year Ended 31 October 2017

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2016	7,104	15,171	2,738	25,013
Loss for the financial year	-	-	(14,842)	(14,842)
Other comprehensive income (see note 25)	-	-	38,052	38,052
Total comprehensive income	-	-	23,210	23,210
At 31 October 2017	7,104	15,171	25,948	48,223

	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 (see note 25)	-	-	(44,338)	(44,338)
Total comprehensive loss	-	-	37,053	37,053
Dividends	-	-	(500)	(500)
At 31 October 2016	7,104	15,171	2,738	25,013

The notes on pages 19 to 60 form an integral part of these financial statements.

Newarthill Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Loss for the financial year		(19,553)	(33,300)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	8,218	6,907
Profit on disposal of property, plant and equipment	5	(542)	(293)
(Profit)/loss from sales or revaluations of investment properties		(4,666)	353
Profit from disposals of investments		(8)	(44)
Finance income	7	(6,016)	(6,669)
Finance costs and amounts written off investments		18,675	15,448
Exceptional item: recognition of group pension scheme liabilities	6	-	53,434
Share of profit of equity accounted investees		(11,266)	(11,593)
Taxation	12	(667)	(9,900)
		(15,825)	14,343
Working capital adjustments			
Increase in stocks	18	(930)	(3,393)
Increase in debtors		(21,710)	(10,956)
Increase/(decrease) in creditors		25,039	(243)
Decrease in retirement and employee benefit obligations net of actuarial changes	23	(5,686)	(2,083)
Increase/(decrease) in provisions		19,565	(45,879)
(Decrease)/increase in deferred income		(5,867)	17,845
Cash used in operations		(5,414)	(30,366)
Corporation tax received		-	45
Net cash used in operating activities		(5,414)	(30,321)
Cash flows from investing activities			
Interest and dividends received		8,917	14,048
Acquisition of tangible assets	14	(9,835)	(9,611)
Proceeds from sale of tangible assets		990	761
Acquisition of investment properties	15	(939)	(4,200)
Proceeds from sale of investment properties		1,122	-
Acquisition of listed and unlisted securities	17	-	(240)
Proceeds from sale of listed and unlisted securities		789	818
Cash receipts from repayment of loans, classified as investing activities	16	4,596	25
Advances of loans, classified as investing activities	16	(661)	(4,437)
Proceeds from sale of investments in joint ventures and associates		7	24
Net cash from/(used in) investing activities		4,986	(2,812)

Newarthill Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from financing activities			
Interest paid		(12,706)	(8,731)
Proceeds from other borrowing draw downs		-	4,554
Repayment of other borrowing		(6,671)	(9,629)
Cost of new property, plant and equipment acquired under finance leases		4,752	4,678
Payments to finance lease creditors		(1,842)	(404)
Dividends paid		-	(500)
Net cash used in financing activities		(16,467)	(10,032)
Net decrease in cash and cash equivalents		(16,895)	(43,165)
Cash and cash equivalents at 1 November		224,108	261,229
Effect of exchange rate fluctuations on cash held		(1,320)	6,044
Cash and cash equivalents at 31 October		205,893	224,108

The notes on pages 19 to 60 form an integral part of these financial statements.

1 General information

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

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

Authorised for issue date

2 Accounting policies

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

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

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

Departure from requirements of FRS 102
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 2017.

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.

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 Group has incurred legal or constructive obligations or has made payments on behalf of the associate.

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 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 and key sources of estimation and uncertainty
In the process of applying the Group's accounting policies the Directors make certain judgements and estimates that impact the amounts recognised in the financial statements. 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 key areas of accounting judgement are:

Accounting for investment properties: Investment properties are classified as such where the Group identifies land and buildings which it holds to generate capital appreciation and/or to earn rental income as investment property. The Group has chosen to state its investment properties at fair value.

Accounting for properties within Stocks: Other properties are classified as properties held for development and sale where the Group identifies land and buildings which it holds with a view to developing and subsequent sale on the open market. The Group has chosen to state its development properties at cost less impairment.

Significant areas of estimation are:

Turnover: The turnover policy, described below, requires forecasts to be made of the outcomes of long-term construction contracts, which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, defects liabilities and changes in costs. There are several long-term construction contracts where the 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.

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.

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.

Valuation of investment properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuations of the Group's investment properties are inherently subjective, as they are made on the basis of assumptions made by the valuers which may not prove to be accurate.

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.

Provisions: 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.

Retirement benefit obligations: The Group has defined benefit pension scheme obligations (see note 23) to pay pension benefits to the schemes' members. 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.

Exceptional items
Section 5 of FRS 102 deals with the presentation of total comprehensive income for the reporting period. FRS 102 requires material items to be disclosed separately on the face of the profit and loss account in a way that enables users to assess the quality of a company's financial performance. In practice, these are commonly referred to as ''exceptional" items, but this is not a concept defined by FRS 102 and therefore there is a level of judgement involved in determining what to include as 'Exceptional'. We consider items which are non-recurring or significant in size or in nature to be suitable for separate presentation (see note 6).

Reclassification of comparative amounts
Following a strategic review it was determined that the Group would no longer participate in the construction of "Energy from Waste" facilities, where there was contractual responsibility taken for process risk. The Group considered this to be a business stream exit. Consequently, all revenues and directly associated costs are presented as exceptional items (see note 6) to enable the users of the financial statements to better understand the results of the Group. The presentation of comparative information has been restated to be consistent with this presentation. There is no impact on comparative net assets or statutory profit before taxation.

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

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

PPP turnover includes interest income which is allocated, from the total projected unitary charge, to the financial asset using the effective interest rate method. The residual element of projected unitary charge is recognised as a margin on operating costs by means of a deemed rate of return on those costs and is also included in turnover.

Property turnover comprises rental income and service charge income. Rental income from investment property under an operating lease is recognised within turnover on a straight-line basis over the lease term. Service charge income is recognised within turnover in the period to which it relates.

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.

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.

Tax

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

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

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 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 the profit and loss account. 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.

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

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

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 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 comprises 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 past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

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

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

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

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

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

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

Defined benefit pension obligation
The Group operates two defined benefit pension schemes whereby a member will receive a pension benefit 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 less 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 on high-quality corporate bonds at the reporting date 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 de-recognised 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.

Basic financial liabilities, including trade and other payables, Senior loans and loans from fellow group companies, 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 otherwise 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 de-recognised 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 de-recognised or the hedging instrument is terminated.

3 Turnover

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

	2017 £ 000	2016 £ 000
Contracting	897,704	813,472
PPP concessions	39,868	47,652
Property	4,927	8,485
	942,499	869,609

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

	2017 £ 000	2016 £ 000
United Kingdom	895,462	854,647
Caribbean	47,037	14,962
	942,499	869,609

4 Other operating gains/(losses)

The analysis of the group's other operating gains/(losses) for the year is as follows:

	2017 £ 000	2016 £ 000
Gain on disposal of property, plant and equipment	542	293
Gain/(loss) on disposal and revaluations of investment properties	4,666	(353)
Gain on disposal of investments	8	44
	5,216	(16)

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
Amortisation expense (see note 13)	984	984
Depreciation expense (see note 14)	7,234	5,923
Impairment reversal (see note 17)	(469)	(551)
Operating lease expense - property	4,550	3,642
Operating lease expense - plant and machinery	7,523	7,176
Profit on disposal of property, plant and equipment	(542)	(293)

6 Exceptional item - Business stream exit and Recognition of group pension scheme liabilities

Following a strategic review it was determined that the Group would no longer participate in the construction of "Energy from Waste" facilities, where there was contractual responsibility taken for process risk. The Group considered this to be a business stream exit. Consequently, all revenues and directly associated costs are presented as exceptional items to enable the users of the financial statements to get a better understanding of the results of the Group. The presentation of comparative information has been restated to be consistent with this presentation. The exited businesses do not meet the definition of discontinued operations as stipulated by FRS 102 because neither the business nor any assets related to it have been disposed of. Accordingly the disclosures within exceptional items differ from those applicable for discontinued operations.

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 surplus or deficit. During the prior 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 recognised the entire deficit of the scheme. This resulted in an exceptional item in the profit and loss account in the prior year of £53,434,000.

7 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest income on investments	1,206	1,215
Bank interest receivable and similar income	2,783	4,459
Net gain on derivative	861	-
Foreign exchange gains	1,166	995
	6,016	6,669

8 Interest payable and similar charges

	2017 £ 000	2016 £ 000
Interest on bank loans and other borrowings	12,368	10,301
Interest on obligations under finance leases and hire purchase contracts	338	92
Foreign exchange losses	577	-
Net loss on derivative	-	1,644
Net interest expense on employee benefit liabilities	3,962	2,974
	17,245	15,011

9 Staff costs

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

	2017 £ 000	2016 £ 000
Wages and salaries	132,057	128,122
Social security costs	14,574	14,126
Pension costs, defined contribution scheme	4,435	3,718
Pension costs, defined benefit scheme	3,684	3,464
	154,750	149,430

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

	2017 No.	2016 No.
Average number employed in construction services during the year	2,209	2,199

The average number of employees of the Company during the year was 3 (2016 - 3).

10 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	2,410	2,292

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 was as follows:

	2017 No.	2016 No.
Accruing benefits under defined benefit pension scheme	2	2

No directors (2016 - none) were members of defined contribution schemes.

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Remuneration	554	432

11 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of these financial statements	30	40
Audit of the financial statements of subsidiaries of the Company pursuant to legislation	280	303
	310	343

Other fees to auditor		
Fees in respect of the audit of the associated pension schemes	23	21

12 Taxation

Tax credited in the profit and loss account

	2017 £ 000	2016 £ 000
Current taxation		
United Kingdom corporation tax	145	161
United Kingdom corporation tax adjustment to prior periods	231	-
	376	161
Deferred taxation		
Arising from origination and reversal of timing differences	(1,043)	(10,061)
Total tax credited	(667)	(9,900)

The differences between the total tax credit shown above and the amount calculated by applying the standard (blended) rate of United Kingdom corporation tax of 19.41% (2016 - 20.00%) to the loss before tax are as follows:

	2017 £ 000	2016 £ 000
Loss before tax	(20,220)	(43,200)
Corporation tax at standard rate	(3,925)	(8,640)
Income not taxable in determining taxable profit	(4,375)	(2,044)
Expenses not deductible for tax purposes	707	746
Remeasurement of deferred tax assets and liabilities due to changes in United Kingdom tax rate	276	675
Change in unrecognised deferred tax assets	6,894	174
Utilisation of tax losses not previously recognised	(475)	(811)
Adjustments to tax charge in respect of previous periods	231	-
Total tax credit	(667)	(9,900)

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2017

Deferred tax

Group

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

2017	**Asset £ 000**	**Liability £ 000**
Depreciation in excess of capital allowances	33	-
Short term timing differences	820	8,920
Losses	12,931	-
Revaluation of investment property	-	-
Retirement benefit obligations	19,845	-
	33,629	8,920

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

It is expected that £3,501,000 (2016 - £5,806,000) of the deferred tax assets and £650,000 (2016 - £688,000) of the deferred tax liabilities will reverse during the next year.

There are no unrecognised deferred tax liabilities (2016 - £Nil).

There are £33,726,000 (2016 - £26,761,000) of unrecognised deferred tax assets. These are analysed as follows:

	2017 £ 000	**2016 £ 000**
Accelerated capital allowances	3,930	3,050
Losses	27,682	20,922
Short term timing differences	2,114	2,789
	33,726	26,761

Company

Deferred tax assets and liabilities (see note 19)

Deferred tax assets of £18,505,000 have been recognised in respect of retirement benefit obligations (2016 - £27,133,000 in respect of retirement benefit obligations).

There are £1,932,000 (2016 - £15,000) of unrecognised deferred tax assets. These are analysed as follows:

	2017 £ 000	**2016 £ 000**
Accelerated capital allowances	12	4
Short term timing differences	768	11
Losses	1,152	-
	1,932	15

The United Kingdom Corporation Tax fell 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 2016	19,585
At 31 October 2017	19,585
Amortisation	
At 1 November 2016	12,872
Amortisation charge	984
At 31 October 2017	13,856
Carrying amount	
At 31 October 2017	5,729
At 31 October 2016	6,713

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

No research and development costs were capitalised during the year (2016 - £Nil). The aggregate amount of research and development expenditure, in the field of civil engineering and construction, recognised as an expense during the year was £8.5m (2016 - £8.6m).

Company

The company had no intangible assets at 31 October 2017 (2016 - £Nil).

No research and development costs were capitalised during the year (2016 - £Nil) and no research and development costs were expensed during the year (2016 - £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 2016	27,248	18,966	46,390	92,604
Additions	-	2,518	7,317	9,835
Disposals	-	(3,185)	(3,531)	(6,716)
Transfers (see below)	(1,299)	-	(3,083)	(4,382)
Foreign exchange movements	(229)	-	(453)	(682)
At 31 October 2017	25,720	18,299	46,640	90,659
Depreciation				
At 1 November 2016	11,175	16,009	30,169	57,353
Charge for the year	718	1,371	5,145	7,234
Eliminated on disposal	-	(3,153)	(3,115)	(6,268)
Transfers (see below)	(517)	-	(2,745)	(3,262)
Foreign exchange movements	(45)	-	(319)	(364)
At 31 October 2017	11,331	14,227	29,135	54,693
Carrying amount				
At 31 October 2017	14,389	4,072	17,505	35,966
At 31 October 2016	16,073	2,957	16,221	35,251

All land and buildings held by the Group in both the current year and prior year are freehold.

On the 1 November 2016 the treatment of the Group's investment in BCM McAlpine Limited changed from proportional consolidation to the equity method as this more appropriately reflected the investment. Accordingly the net book value of the tangible assets of BCM McAlpine Limited were transferred to Investments in Joint Ventures at this date (see note 16a). The total transfer of tangible assets amounted to £1,120,000.

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:

	2017 £ 000	2016 £ 000
Property, plant and equipment	7,573	4,327

15 Investment properties

Group

	2017 £ 000
At 1 November 2016	15,440
Additions	939
Disposals	(930)
Transfers from inventories	439
Fair value adjustments	4,478
At 31 October 2017	20,366

All investment properties are freehold. The comparable historical cost of the investment properties is £14.207m (2016 - £13.443m) and the comparable historical depreciation of the investment properties is £1.407m (2016 - £1.510m).

The wholly-owned investment properties, which are situated in the United Kingdom and the United States of America, 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 (2016 - no valuations by an independent valuer).

In respect of £13.389m (2016 - £11.160m) of freehold investment properties there is in existence a fixed and floating charge and the remittance of rental income on these investment properties has been pledged as security.

16 Investments

Group

	2017 £ 000	2016 £ 000
Investments in joint ventures (see note 16a)	44,140	43,440
Investments in associates (see note 16b)	220	198
	44,360	43,638

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 2016	22,649	20,791	43,440
Profit for the year	11,213	-	11,213
Dividends paid	(4,928)	-	(4,928)
Disposal	(7)	-	(7)
Transfers	522	-	522
Increase in loans	-	661	661
Repayments	-	(4,565)	(4,565)
Exchange rate adjustments	(2,071)	(125)	(2,196)
At 31 October 2017	27,378	16,762	44,140

On the 1 November 2016 the treatment of the Group's investment in BCM McAlpine Limited changed from proportional consolidation to the equity method as this more appropriately reflected the investment. Accordingly the net assets of BCM McAlpine Limited were transferred to Investments in Joint Ventures at this date. The transfer of net assets amounted to £522,000.

See note 33 for a list of joint ventures of the Company and Group.

16b Investments in associates

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

Cost and carrying amount	Equity £ 000	Loans £ 000	Total £ 000
At 1 November 2016	167	31	198
Profit for the year	86	-	86
Dividends	(33)	-	(33)
Repayment of loans	-	(31)	(31)
At 31 October 2017	220	-	220

See note 33 for a list of associates of the Company and Group.

Company

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

	£ 000
Cost	
At 1 November 2016 and 31 October 2017	135,008
Provision	
At 1 November 2016	1,958
Provision	170
At 31 October 2017	2,128
Carrying amount	
At 31 October 2017	132,880
At 31 October 2016	133,050

See note 33 for a list of subsidiary undertakings of the Company.

17 Other financial assets

	Unlisted securities	Loans	Total
Cost	£ 000	£ 000	£ 000
At 1 November 2016	12,403	16,883	29,286
Disposals	-	(781)	(781)
At 31 October 2017	12,403	16,102	28,505
Provisions			
At 1 November 2016	1,557	110	1,667
Fair value adjustments	-	(307)	(307)
Impairment provisions (released)/made in the year	(578)	109	(469)
At 31 October 2017	979	(88)	891
Carrying amount			
At 31 October 2017	11,424	16,190	27,614
At 31 October 2016	10,846	16,773	27,619

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

Loans are held at fair value where their fair value can be measured reliably. Where fair values cannot be measured reliably, loans are held at cost less impairment.

18 Stocks

	Group 2017 £ 000	Group 2016 £ 000
Raw materials and consumables	525	554
WIP and long-term contract balances	676	780
Properties held for development and sale	58,071	57,447
	59,272	58,781

19 Debtors

Due in less than one year:	Group 2017 £ 000	Group 2016 £ 000	Company 2017 £ 000	Company 2016 £ 000
Trade debtors	8,935	5,905	-	-
Financial assets	2,520	3,998	-	-
Amounts owed by related parties	-	-	127,441	121,194
Other debtors	30,592	23,638	242	2
Prepayments	13,925	15,357	406	420
Gross amount due from customers for contract work	138,792	119,951	-	-
Deferred tax assets (see note 12)	3,501	5,806	1,518	1,398
Corporation tax asset	1,362	5,151	-	2,072
	199,627	179,806	129,607	125,086

Due in more than one year:	Group 2017 £ 000	Group 2016 £ 000	Company 2017 £ 000	Company 2016 £ 000
Financial assets	125,176	129,441	-	-
Other debtors	5,364	3,192	-	-
Gross amount due from customers for contract work	21,515	24,199	-	-
Deferred tax assets (see note 12)	30,128	35,694	17,376	25,735
	182,183	192,526	17,376	25,735

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	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Cash at bank	122,387	134,058	10,338	5,051
Short-term deposits	83,506	90,050	-	-
	205,893	224,108	10,338	5,051

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 8 months (2016 - 7 months). The average interest rate was 0.49% (2016 - 0.77%). They are measured at amortised cost.

Within the Group figures for short-term deposits is £73,850,000 (2016 - £66,264,000) and within cash at bank is £19,308,000 (2016 - £21,861,000) held under terms which are currently restrictive. These are held primarily by PPP Special Purpose Vehicles in both the current and prior years.

Company

The Company had no short-term deposits (2016 - £nil) and the Company had no cash at bank held under terms which are currently restrictive (2016 - £nil).

21 Creditors

	Group		Company	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Due within one year				
Loans and borrowings (see note 26)	10,306	7,160	-	-
Trade creditors	223,781	196,059	-	-
Amounts due to related parties	-	-	132,664	107,149
Corporation tax liability	-	2,845	-	-
Social security and other taxes	5,407	7,270	12	-
Other payables	7,395	4,717	1	-
Accrued expenses	31,507	30,879	141	169
Deferred income	45,384	57,919	-	-
	323,780	306,849	132,818	107,318
Due after one year				
Loans and borrowings (see note 26)	174,221	180,040	-	-
Trade creditors	13,021	15,578	-	-
Other payables	18,643	18,765	-	-
Deferred income	36,179	29,511	-	-
	242,064	243,894	-	-

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 2016	9,705	62	9,767
Additional provisions	-	19,565	19,565
Provisions utilised	(785)	-	(785)
At 31 October 2017	8,920	19,627	28,547

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 2016	62
At 31 October 2017	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 £4,435,000 (2016 - £3,718,000). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2016 - £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) and a senior executive scheme. The staff scheme has been closed to new members since 2002. On 30 November 2017, this scheme ceased accruing future benefits and all active members were transferred to the defined contribution scheme and became deferred members. The year end valuation does not take into account this cessation, but it is estimated that the impact would be to increase the deficit by £6.1m attributable to Newarthill Limited and before deducting deferred tax.

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

Group 2017	Staff scheme £ 000	Executive scheme £ 000	Post-retirement medical scheme £ 000	Total £ 000
Total liability	117,122	3,688	5,583	126,393
Allocated outside of the Group	(11,712)	-	-	(11,712)
	105,410	3,688	5,583	114,681

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

Company 2017	Staff scheme £ 000	Executive scheme £ 000	Total £ 000
Total liability	117,122	3,688	120,810
Allocated outside of the Group	(11,712)	-	(11,712)
	105,410	3,688	109,098

2016	Staff scheme £ 000	Executive scheme £ 000	Total £ 000
Total liability	165,411	7,659	173,070
Allocated outside of the Group	(16,541)	-	(16,541)
	148,870	7,659	156,529

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 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 £11,710,000 (2016 - £7,228,000). Included within the contributions is an additional payment of £8,000,000 made by the employer as agreed in the Recovery Plan following the 2015 valuation (2016 - £2,909,000 additional payment 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. Following cessation, this will no longer be the case and accrued service costs will no longer be applicable.

The total cost (before deduction of costs allocated outside of the Group) relating to the defined benefit scheme for the year recognised in profit or loss as an expense was £8,243,000 (2016 - £8,351,000).

The total cost relating to the defined benefit scheme for the year included in the cost of an asset was £Nil (2016 - £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:

	2017 £ 000	2016 £ 000
Fair value of scheme assets	444,616	443,122
Present value of defined benefit obligation	(561,738)	(608,533)
Net liability recognised in the balance sheet	(117,122)	(165,411)

The above figures show the total scheme liability and do not deduct any amounts allocated outside of the Group.

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at 1 November 2016	608,533
Current service cost	4,210
Interest cost	16,057
Actuarial gains and losses	(39,475)
Benefits paid	(29,434)
Contributions by scheme participants	1,847
Present value at 31 October 2017	561,738

Fair value of scheme assets

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

	2017 £ 000
Fair value at 1 November 2016	443,122
Interest income	12,024
Return on plan assets, excluding amounts included in interest income/(expense)	7,194
Employer contributions	9,863
Contributions by scheme participants	1,847
Assets distributed on settlements	(29,434)
Fair value at 31 October 2017	444,616

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Cash and cash equivalents	112,684	76,217
Equity instruments	264,411	271,634
Debt instruments	67,521	95,271
	444,616	443,122

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	7,194	77,826

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group except for the two investments 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 2017 was £12,607,000 (2016 - £13,463,000). 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 2017 was £851,000 (2016 - £1,124,000).

Principal actuarial assumptions

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

	2017 %	2016 %
Discount rate	2.80	2.70
Retail Price Index (RPI) inflation	3.10	3.35
Consumer Price Index (CPI) inflation	2.00	2.35
Rate of increase in salaries	2.50	2.50
Rate of increase in pension payments	2.50 - 3.40	2.50 - 3.60

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	22.20	22.30
Current UK pensioners at retirement age - female	23.60	23.90
Future UK pensioners at retirement age - male	24.20	24.40
Future UK pensioners at retirement age - female	25.60	26.20

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 Newarthill Group.

Contributions are based on a percentage of a member's pensionable salary which are matched by the employer. Additional contributions of £8.0m (2016 - £2.9m) have been made by the employer. Additional employer payments will continue in 2018 in line with the Recovery Plan and these will be shared in the same percentage ratio as noted above.

Executive Pension Scheme

The Group operates a separate defined benefit 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. Actual contributions made were £672,000 (2016 - £530,000).

The date of the most recent comprehensive actuarial valuation was 31 December 2015. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. The post-retirement rate of return uses the 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 £742,000 (2016 - £454,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2016 - £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:

	2017 £ 000	2016 £ 000
Fair value of scheme assets	31,348	29,709
Present value of defined benefit obligation	(35,036)	(37,368)
Net liability recognised in the balance sheet	(3,688)	(7,659)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at 1 November 2016	37,368
Current service cost	544
Interest cost	1,009
Actuarial gains and losses	(3,885)
Present value at 31 October 2017	35,036

Fair value of scheme assets

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

	2017 £ 000
Fair value at 1 November 2016	29,709
Interest income	811
Return on plan assets, excluding amounts included in interest income/(expense)	156
Employer contributions	672
Fair value at 31 October 2017	31,348

Analysis of assets

The major categories of scheme assets are as follows:

	2017 £ 000	2016 £ 000
Equity instruments	11,975	9,299
Insured annuity	17,179	18,301
With profit funds	2,194	2,109
	31,348	29,709

Return on scheme assets

	2017 £ 000	2016 £ 000
Return on scheme assets	156	151

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

Principal actuarial assumptions

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

	2017 %	2016 %
Future salary increases	3.50	3.70
Future pension increases (max)	3.10	3.20

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	22.20	22.30
Current UK pensioners at retirement age - female	23.00	24.00
Future UK pensioners at retirement age - male	24.20	24.40
Future UK pensioners at retirement age - female	25.60	26.20

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:

	2017 £ 000	2016 £ 000
Present value of scheme liabilities	(5,583)	(5,227)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £ 000
Present value at 1 November 2016	(5,227)
Interest cost	(135)
Employer contributions	470
Change to assumptions	(691)
Present value at 31 October 2017	(5,583)

Principal actuarial assumptions

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

	2017 %	2016 %
Discount rate	2.80	2.70
Medical expenses inflation	9.50	9.50

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

	2017		2016	
	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 shares 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 shares 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.

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:

2017	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Unrealised gain/(loss) on cash flow hedges	-	217	(135)	82
Foreign currency translation losses	-	(7,568)	-	(7,568)
Remeasurement gains on pension and post-retirement medical schemes net of deferred tax	-	-	37,361	37,361
	-	(7,351)	37,226	29,875

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

2016	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	-	-	(45,072)	(45,072)
	-	15,165	(44,323)	(29,158)

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:

2017	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
Remeasurement gains on defined benefit pension schemes net of deferred tax	-	38,052	38,052

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

2016	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
Remeasurement gains on defined benefit pension schemes net of deferred tax	-	(44,338)	(44,338)

26 Loans and borrowings

	Group 2017 £ 000	Group 2016 £ 000
Current loans and borrowings		
Finance leases	2,299	1,123
Senior loans	8,007	6,037
	10,306	7,160

	Group 2017 £ 000	Group 2016 £ 000
Non-current loans and borrowings		
Finance leases	4,885	3,151
Senior loans	169,336	176,889
	174,221	180,040

Group

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

	2017 £ 000	2016 £ 000
Senior loans after more than five years by instalments	125,589	135,943
Senior loans after more than five years not by instalments	-	4,921
	125,589	140,864

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

£9,114,000 (2016 - £10,128,000) 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.

£25,133,000 (2016 - £27,862,000) 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.

£36,507,000 (2016 - £38,431,000) 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.

£31,070,000 (2016 - £31,413,000) 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.

£71,449,000 (2016 - £72,111,000) 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 (2016 - £5,000,000) 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 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
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 future minimum lease payments are as follows:

	2017 £ 000	2016 £ 000
Not later than one year	2,610	1,296
Later than one year and not later than five years	5,154	3,373
	7,764	4,669

Operating leases
The total future minimum lease payments are as follows:

	2017 £ 000	2016 £ 000
Not later than one year	2,567	1,802
Later than one year and not later than five years	3,814	6,606
Later than five years	3,820	1,365
	10,201	9,773

The amount of non-cancellable operating lease payments recognised as an expense during the year was £12,073,000 (2016 - £10,818,000).

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

	2017 £ 000	2016 £ 000
Not later than one year	146	95
Later than one year and not later than five years	1,330	1,300
Later than five years	569	1,103
	2,045	2,498

Total contingent rents recognised as income in the period are £1,508,000 (2016 - £1,364,000).

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

Company

Operating leases
The total future minimum lease payments are as follows:

	2017 £ 000	2016 £ 000
Not later than one year	232	232
Later than one year and not later than five years	599	830
	831	1,062

The amount of non-cancellable operating lease payments recognised as an expense during the year was £279,000 (2016 - £102,000).

28 Dividends

Interim dividends paid

	2017 £ 000	2016 £ 000
Interim dividend of £Nil (2016 - £0.0704) per Ordinary share	-	500

The Directors are not proposing a final dividend (2016 - £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 2017 was £794,000 (2016 - £1,081,000). The contingent liability expires in September 2018.

30 Related party transactions

Group
There were transactions amounting to £19.0m (2016 - £19.0m) in respect of construction and other contracts on normal commercial terms with various joint arrangements, of which £2.2m (2016 - £1.1m) was owing at the year end and included within debtors due in less than one year (note 19).

There were transactions amounting to £2.3m (2016 - £48.7m) in respect of construction and other contracts on normal commercial terms with joint ventures and unlisted investments, of which £nil (2016 - £0.1m) 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 £3.7m (2016 - £4.2m) and unlisted securities of £12.4m (2016 - £12.4m) owing from McAulay (Tudor House) Limited and McAulay (Market Buildings) Limited respectively. The loan balances have a fair value of £4.0m (2016 - £4.2m). The unlisted securities have an impairment against them of £1.0m (2016 - £1.6m). A number of Directors have an interest in both of these companies.

At the year end, BCM McAlpine Limited owed the Group £52.8m (2016 - £59.8m). During the year recoveries against this balance of £4.5m (2016 - £6.9m) were received. During the year the Group reversed part of the provision against this balance by £6.2m (2016 - increased the provision against this balance by £8.2m). BCM McAlpine Limited is a jointly controlled entity.

Included within turnover were management fees of £0.1m (2016 - £0.3m) received from various joint ventures, of which £nil (2016 - £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 2017	Loans and receivables £ 000	Financial assets at fair value through profit or loss £ 000	Derivatives at fair value through profit or loss £ 000	Derivatives used for hedging £ 000	Financial liabilities at amortised cost £ 000	Total £ 000
Trade receivables	169,242	-	-	-	-	169,242
Other receivables	31,512	-	-	-	-	31,512
Short-term deposits	83,506	-	-	-	-	83,506
Joint ownership properties	-	1,651	-	-	-	1,651
Loans	-	4,035	-	-	-	4,035
PPP financial assets	-	127,696	-	-	-	127,696
Inflation swaps	-	-	2,793	-	-	2,793
Interest rate swaps	-	-	-	(21,089)	-	(21,089)
Senior loans	-	-	-	-	(177,344)	(177,344)
Finance leases	-	-	-	-	(7,184)	(7,184)
Trade creditors	-	-	-	-	(236,802)	(236,802)
Accruals	-	-	-	-	(113,069)	(113,069)
Other creditors	-	-	-	-	(4,949)	(4,949)
	284,260	133,382	2,793	(21,089)	(539,348)	(140,002)

Categorisation of financial instruments 2016	Loans and receivables £ 000	Financial assets at fair value through profit or loss £ 000	Derivatives at fair value through profit or loss £ 000	Derivatives used for hedging £ 000	Financial liabilities at amortised cost £ 000	Total £ 000
Trade receivables	150,055	-	-	-	-	150,055
Other receivables	23,297	-	-	-	-	23,297
Short-term deposits	90,050	-	-	-	-	90,050
Joint ownership properties	-	1,601	-	-	-	1,601
Loans	-	4,226	-	-	-	4,226
PPP financial assets	-	133,439	-	-	-	133,439
Inflation swaps	-	-	1,931	-	-	1,931
Interest rate swaps	-	-	-	(21,306)	-	(21,306)
Senior loans	-	-	-	-	(182,926)	(182,926)
Finance leases	-	-	-	-	(4,274)	(4,274)
Trade creditors	-	-	-	-	(211,637)	(211,637)
Accruals	-	-	-	-	(118,309)	(118,309)
Other creditors	-	-	-	-	(2,176)	(2,176)
	263,402	139,266	1,931	(21,306)	(519,322)	(136,029)

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. During 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 an increase in gilt rates resulting in a fair value loss 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 an asset of £127,696,000 (2016 - £133,439,000) and the change in value included in profit or loss is a loss of £1,746,000 (2016 - gain of £6,124,000).

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 2018 and 2038. The swaps are based on a principal semi-annual amount of £778,000. The fair value has been determined 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 an asset of £2,793,000 (2016 - £1,931,000) and the change in value included in profit or loss is a gain of £861,000 (2016 - loss of £1,644,000)

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 2018 and 2037. The swaps are based on a principal amount of £67,558,000 (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 2017, a hedging loss of £33,000 (2016 - loss of £3,412,000) 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 £21,089,000 (2016 - £21,306,000) and the change in value included in profit or loss is £Nil (2016 - £Nil).

Cash flow hedges

Interest rate swap

The Group has entered into a cash flow hedge 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 2018 and 2037.

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

During 2017, a hedging loss of £33,000 (2016 - loss of £3,412,000) 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 £67,558,000, part of the principal amount of the Group's Senior loan facilities, and mature on the same dates as the Senior loans.

The fair value liability of the financial instruments designated as hedging instruments at 31 October 2017 is £21,089,000 (2016 - £21,306,000).

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 (2016 - £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 (2016 - £Nil).

32 Parent and ultimate parent undertaking

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

33 Subsidiaries and related undertakings

All subsidiaries, associated undertakings and other significant holdings are shown below. Except where otherwise stated, the companies are incorporated in Great Britain and registered at Eaton Court, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TR. The subsidiaries marked by * have taken advantage of the exemption from an audit in accordance with Section 479A of the Companies Act 2006. The 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 either jointly controlled entities or associates and their results and financial position are included in these consolidated financial statements using the equity method of accounting.

Company	Registered company number		Country of Incorporation / registration	Interest in shares
Civil engineering and building				
Bankside Electrical Contractors Limited	00970503	*		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	01157770	*		100% ordinary
St. Blaise (1998) Limited				81.68% ordinary
BCM McAlpine Limited #			Bermuda	40% ordinary
McAlpine (Cayman) Limited #			Cayman Islands	40% ordinary

McAlpine Limited's registered address is 190 Elgin Avenue, Grand Cayman, KY1-9005.
Partnership Insurance Company's registered address is 62 Forum Lane, 3rd Floor, Camana Bay, PO Box 30600, Grand Cayman, KY1-1203.
BCM McAlpine Limited's registered address is 48 St. John's Road, Pembroke, Bermuda, HM 07.
McAlpine (Cayman) Limited's registered address is 190 Elgin Avenue, Grand Cayman, KY1-9005.

Company	Registered company number	Country of Incorporation / registration	Interest in shares
Property development and investments			
Abacus Developments Limited	01038942	*	100% ordinary
Abacus Projects Limited	01460919	*	100% ordinary
Abacus Property Holdings Limited			100% ordinary
ADL Ventures Limited	02891389	*	100% ordinary
Axis Land Partnerships Limited	10284645	*	100% ordinary
Brickworth Developments Limited ^	00777501	*	100% ordinary
Cardiff Gate Business Park Limited	02617988	*	100% ordinary
Concert Bay Limited	05227029	*	100% ordinary
ConstructEnergy Limited	01498746	*	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	06048528	*	100% ordinary
Miltons Shoot 2011 Limited			100% ordinary
Oak Court Estates (Langstone, Mon.) Limited	00869982	*	100% ordinary
Oak Court Management Company (Coventry) Limited			100% ordinary
Oakus Developments Limited	04452226	*	100% ordinary
Raglan Development Limited	09854957	*	100% ordinary
Robert McAlpine Enterprises Limited			100% ordinary
Seville Holdings Limited		Cayman Islands	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
EHC Marrakech Limited #			50% ordinary
EHC Malaysia Limited #			50% ordinary
Jersey Waterfront Group Holdings I Limited #		Jersey	50% ordinary
Jersey Waterfront Group Holdings II Limited #		Jersey	50% ordinary
Jersey Waterfront Group Holdings III Limited #		Jersey	50% ordinary
Jersey Waterfront Hotel Holding Limited #		Jersey	50% ordinary
Jersey Waterfront Hotel Management Limited #		Jersey	50% ordinary

Company	Registered company number	Country of Incorporation / registration	Interest in shares
Property development and investments (continued...)			
Jersey Waterfront Hotel (Central Apartments) Limited #		Jersey	50% ordinary
Jersey Waterfront Hotel Development Limited #		Jersey	50% ordinary
McGreen Estates Limited #			50% ordinary
Red Kite Securities Limited #			50% ordinary
Scarmac Limited #			50% ordinary
UK LP Gore Street Limited			50% ordinary
Consortium 220 LLP #			33.33% ordinary
UBW Limited #		Cayman Islands	20% ordinary
Walton Wagner Limited #			20% ordinary

McAlpine Park Lane Inc's registered address is 3200 Bailey Lane, Suite 199, Naples, FL 34105.
McAlpine Properties Limited's registered address is 4th floor Queengate Building, 113 South Church Street, PO Box 1994, Grand Cayman.
Miltons Shoot 2011 Limited's registered address is Calyx House, South Road, Taunton, Somerset, TA1 3DU.
Seville Holdings Limited's registered address is 190 Elgin Avenue, Grand Cayman, KY1-9005.
Jersey Waterfront Group Holdings I Limited and all Jersey Waterfront group companies registered addresses are The Radisson Blu, Rue de L'Etau, St Helier, Jersey, JE2 3WF.
Scarmac Limited's registered address is Europa House, 20 Esplanade, Scarborough, North Yorkshire, YO11 2AQ.
UK LP Gore Street Limited's registered address is Carlyle House, 78 Chorley New Road, Bolton, Lancashire, BL1 4BY.
Consortium 220 LLP's registered address is Duddingston House, Milton Road West, Edinburgh, EH15 1RB.
UBW Limited's registered address is 2nd floor Harbour Place, PO 472103 South Church Street, Grand Cayman, KY1-1106.
Walton Wagner Limited's registered address is Portland House 21 Narborough Road, Cosby, Leicester, LE9 1TA.

Company	Registered company number	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	03319534	*	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

Company	Country of Incorporation / registration	Interest in shares
PPP investments (continued...)		
Paget Health Services (Holdings) Limited #	Bermuda	58% ordinary
Paget Health Services Limited #	Bermuda	58% ordinary
Endeavour UK 4 Limited #		50% ordinary
Autolink Concessionaires (M6) plc #		19.5% ordinary
Autolink Holdings (M6) Limited #		19.5% ordinary

Paget Health Service (Holdings) Limited and Paget Health Service Limited's registered address is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda.
Endeavour UK 4 Limited's registered address is 11 Elmbank Street, Glasgow, United Kingdom, G2 4PB.