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**SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 OCTOBER 1998**



# SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED

## REPORT OF THE DIRECTORS

Directors: Malcolm H D M<sup>c</sup>Alpine  
The Hon. Sir William H M<sup>c</sup>Alpine, Bt.  
Ian M M<sup>c</sup>Alpine MA  
The Hon. David M M<sup>c</sup>Alpine  
Cullum M<sup>c</sup>Alpine  
Richard H M<sup>c</sup>Alpine  
Andrew W M<sup>c</sup>Alpine  
David M Boyle  
Vincent W Christie C.Eng., FICE, FCI OB  
Benny Kelly BSc, MICE  
Paul E Leggott  
Paddy H Walker-Taylor FCA, MCT  
Colin B Weekley B.Sc., C.Eng., MICE (Appointed 1 June 1998)

Secretary: B Raymond Cowen B.Com., CA(SA)

The Directors present their annual report and the audited financial statements for the year ended 31 October 1998.

### 1. RESULTS AND DIVIDENDS

The Group profit for the year after taxation and minority interests amounted to £3,677,000. After the payment of interim ordinary dividends of £136,000 there was a surplus of £3,541,000 to transfer to reserves.

The Directors do not recommend the payment of a final dividend.

### 2. REVIEW OF THE BUSINESS

The Company is, and will continue to be, an investment holding company. Its principal activity is the co-ordination of the Group's investment activities in the construction field.

### 3. DIRECTORS

Colin B Weekley was appointed a Director on 1 June 1998.

The remaining Directors, as set out above, served throughout the year and remain in office.

The beneficial interests of the Directors in the shares of Group Companies as recorded in the register kept in accordance with S.325, Companies Act 1985, were as follows:-

	<u>31 October 1998</u>	<u>31 October 1997</u>
Shares of this company:	-	-
Ordinary shares of Newarthill p.l.c.:		
Richard H M <sup>c</sup> Alpine	-	-
Andrew W M <sup>c</sup> Alpine	-	-
David M Boyle	-	-
Vincent W Christie	-	-
Benny Kelly	-	-
Paul E Leggott	-	-
Colin B Weekley	-	*-
Richard H M <sup>c</sup> Alpine )	6,619,008	6,619,008
Andrew W M <sup>c</sup> Alpine )		

Malcolm H D M<sup>c</sup>Alpine, The Hon. Sir William H M<sup>c</sup>Alpine, Bt., Ian M M<sup>c</sup>Alpine, The Hon. David M M<sup>c</sup>Alpine, Cullum M<sup>c</sup>Alpine and Paddy H Walker-Taylor are Directors of Newarthill p.l.c. and their interests are shown in the Directors' Report of that Company.

\* at date of appointment

## **SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **4. EMPLOYEES**

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

It is Group policy to give full and fair consideration to applications for employment from disabled persons where they have the necessary aptitude and abilities. Where employees become disabled, the Group endeavours to continue their employment provided there are duties they can perform despite their disabilities.

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

#### **5. CHARITABLE AND POLITICAL DONATIONS**

Donations for charitable purposes amounted to £67,000. There were payments totalling £2,000 to Conservative Party organisations.

#### **6. PAYMENTS TO CREDITORS**

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

During the year to 31 October 1998 the Group paid its suppliers of goods and services and subcontractors on average within 31 days of receipt of invoice or certification. This average excludes amounts not currently due for payment but included within trade creditors.

#### **7. YEAR 2000**

This is a complex issue for all businesses and its precise effects are uncertain.

A team headed by a Senior Executive and reporting regularly to the Group Board has been set up to test all of the information systems of the Group for millennium compliance. Upgrades and replacements will be undertaken to ensure that such systems will operate without disruption beyond Year 2000.

The company is reliant on the systems maintained by its parent company, Newarthill p.l.c. All costs relating to millennium compliance will be borne by that company.

#### **8. AUDITORS**

In accordance with S.385, Companies Act 1985, a resolution for the reappointment of Deloitte & Touche as auditors of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board



**B R COWEN**  
Secretary

Registered Office:  
Eaton Court  
Maylands Avenue  
Hemel Hempstead  
Herts  
HP2 7TR

## **SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group for that period.

In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed.

The financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining adequate accounting records and sufficient controls to safeguard the assets of the Group and to prevent and detect fraud or any other irregularities.

## **SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 5 to 22 which have been prepared under the accounting policies set out on pages 8 and 9.

#### **Respective responsibilities of directors and auditors**

As described on page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

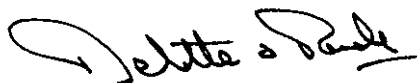
#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 October 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London  
EC4A 3TR

25 May 1999

**SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT**

For the year ended 31 October 1998

	Notes 1	1998 £000	1998 £000	1997 Restated £000	1997 Restated £000
Turnover including share of joint ventures - continuing operations		454,779		320,226	
Less share of joint ventures' turnover		(6,991)		(14,655)	
<b>Group turnover - continuing operations</b>	2		447,788		305,571
Cost of sales			434,983		298,701
<b>Gross profit</b>			12,805		6,870
Administrative expenses			(6,305)		(3,936)
<b>Group operating profit - continuing operations</b>			6,500		2,934
Share of operating (loss)/profit in					
Joint ventures			(757)		(239)
Associates			406		426
<b>Operating profit including joint ventures and associates</b>	2		6,149		3,121
Net loss on sale of fixed assets			(104)		-
Profit on sale of associates			948		-
<b>Profit on ordinary activities before interest</b>			6,993		3,121
Interest receivable and similar income					
Group		1,850		1,198	
Joint ventures		92		224	
Associates		131		87	
<b>Profit on ordinary activities before taxation</b>	3		2,073		1,509
Amounts written off investments			(66)		(72)
Interest payable and similar charges					
Group		(1,722)		(1,294)	
Joint ventures		(3,200)		(1,126)	
Associates		(3)		(15)	
<b>Profit on ordinary activities before taxation</b>	4		(4,925)		(2,435)
Tax on profit on ordinary activities	5 6		4,075 496		2,123 161
<b>Profit on ordinary activities after taxation</b>			3,579		1,962
Equity minority interests			98		32
<b>Profit for the year attributable to the shareholders</b>			3,677		1,994
Interim dividends paid on equity shares			(136)		(240)
<b>Transferred to reserves</b>	15		3,541		1,754
Made up as follows:					
Parent company			104		233
Subsidiary companies and joint arrangements			7,019		2,326
Joint ventures and associates			(3,582)		(805)
<b>Earnings per share</b>	7		13.1p		7.1p

# SIR ROBERT M'ALPINE (HOLDINGS) LIMITED

## BALANCE SHEETS

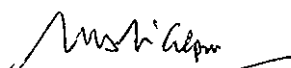

As at 31 October 1998

		Group		Company	
		1998	1997	1998	1997
	Notes	£000	Restated £000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8	44,310	42,750	-	-
Investments in joint ventures					
Share of gross assets		44,680	42,058	-	-
Share of gross liabilities		(47,841)	(42,680)	-	-
Investments in associates	9	(3,161)	(622)	-	-
Other fixed asset investments	9	1,553	1,965	-	-
	9	2,124	1,457	40,205	39,182
		516	2,800	40,205	39,182
		44,826	45,550	40,205	39,182
<b>Current assets</b>					
Stocks	10	2,499	1,340	-	-
Debtors - due within one year	11	134,218	102,038	11,018	10,908
- due after one year	11	7,604	23,069	-	-
Investments - short term cash deposits		8,817	15,196	-	250
Cash at bank and in hand		25,921	10,334	-	-
		179,059	151,977	11,018	11,158
<b>Creditors:</b>					
Amounts falling due within one year	12	122,689	103,711	20,457	19,814
<b>Net current assets/(liabilities)</b>		56,370	48,266	(9,439)	(8,656)
<b>Total assets less current liabilities</b>		101,196	93,816	30,766	30,526
<b>Creditors:</b>					
Amounts falling due after more than one year	12	35,644	33,382	-	-
Provisions for liabilities and charges	13	3,092	810	-	-
Equity minority interests		(191)	(32)	-	-
		38,545	34,160	-	-
		62,651	59,656	30,766	30,526
<b>Capital and reserves:</b>					
Called up share capital	14	28,050	28,050	28,050	28,050
Other reserves	15	36,448	36,381	-	-
Profit and loss account	15	(1,847)	(4,775)	2,716	2,476
<b>Equity shareholders' funds</b>	16	62,651	59,656	30,766	30,526

These financial statements were approved by the Board of Directors on 25 May 1999  
Signed on behalf of the Board of Directors

MALCOLM H D M'ALPINE

THE HON. SIR WILLIAM H M'ALPINE Bt.

} Directors

**SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 October 1998**

	1998 £000	1997 £000
Profit for the year attributable to the shareholders	3,677	1,994
Currency exchange movements on foreign currency net investments	67	(286)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	3,744	1,708
	<hr/>	<hr/>



## **SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 October 1998

#### **1. ACCOUNTING POLICIES**

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

##### **Accounting convention**

The Group's financial statements have been prepared in accordance with the historical cost convention.

##### **Restatement of comparatives**

The Group's financial statements for 1997 have been restated to reflect the changes for investments under Financial Reporting Standard No 9, Associates and Joint Ventures.

##### **Basis of consolidation**

The Group's financial statements incorporate the assets and liabilities of all subsidiaries as at 31 October 1998 and their results for the year ended on that date. On acquisition, the fair value of net assets is assessed. The differences between the price paid for new interests and the fair value of net assets acquired is either taken to reserves on acquisition or amortised over its economic life, depending on the nature of the acquisition.

The Group's cumulative share of post acquisition reserves in associates and joint ventures has been taken from the most recent audited financial statements of the companies concerned and, for joint ventures where the audited financial statements cover a year ended before 31 October 1998, from subsequent unaudited management accounts where available and include adjustments to reflect Group accounting policies. Associates and joint ventures are those in which the Group has a participating interest and exercises influence over their management.

##### **Joint arrangements**

In accordance with Financial Reporting Standard No 9, Associates and Joint Ventures, the Group accounts for its joint arrangements by taking its share of the assets, liabilities and cashflows on a proportional consolidation basis.

##### **Joint ventures**

Through its construction business, the Group undertakes construction and engineering projects in joint ventures with other contractors.

In accordance with Financial Reporting Standard No 9, Associates and Joint Ventures, the proportion of assets or liabilities attributable to the Group is recorded under these headings as appropriate. The Group's share of borrowings arranged or cash generated by these joint ventures is recorded under finance debt or cash. Interests in joint ventures involving ownership of land or property for development are recorded at the Group's share of cost or valuation.

##### **Foreign currencies**

Transactions of UK 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 and 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 direct to reserves.

##### **Turnover**

Turnover represents the value of civil engineering and building work carried out for clients of the Group during the year together with applications in respect of contract variations certified and paid within one month after the balance sheet date and including the Group's share of turnover in joint ventures. Turnover also includes fees invoiced and accrued for the operation of wind farms and related activities.

# **SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

## **NOTES TO THE ACCOUNTS**

Year ended 31 October 1998

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Cost of sales**

This is the direct cost of the work carried out during the year including provisions for expected future losses and contingencies on contracts.

#### **Depreciation**

Plant and equipment are depreciated over their estimated useful economic lives at declining rates based on their written down values. The rates vary between 5% and 50% per annum. Buildings occupied for trading purposes are written off over their estimated remaining useful lives by equal annual instalments. Leases are written off by equal annual instalments over the remainder of the lease. No depreciation is provided on freehold land.

#### **Finance leases**

Assets held under finance leases and hire-purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

#### **Operating leases**

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

#### **Investments**

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

#### **Stocks and work in progress**

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

#### **Amounts recoverable on contracts**

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

#### **Financial instruments**

Interest differentials, under swap agreements used to vary the amounts and period for which interest rates on borrowings are fixed, are recognised by adjustment of interest payable.

#### **Deferred taxation**

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

#### **Retirement benefits**

The expected cost to the Group of pensions in respect of defined benefit pension schemes and post-retirement health care (notes 18 and 19) is charged each year to the profit and loss account so as to spread the cost over the service lives of employees in the schemes.

# SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 2. SEGMENTAL ANALYSIS

	Turnover		Operating profit/(loss)	
	1998	1997	1998	1997
	£000	Restated £000	£000	Restated £000
Turnover and operating profit/(loss)				
Business segment:				
Contracting	435,236	300,609	4,475	2,863
Wind Energy	12,552	4,962	2,531	546
PFI Concessions	-	-	(857)	(288)
	<u>447,788</u>	<u>305,571</u>	<u>6,149</u>	<u>3,121</u>
	<u><u>447,788</u></u>	<u><u>305,571</u></u>	<u><u>6,149</u></u>	<u><u>3,121</u></u>
Geographic segment (by origin):				
United Kingdom	423,373	296,634	5,186	2,816
Other	24,415	8,937	963	305
	<u>447,788</u>	<u>305,571</u>	<u>6,149</u>	<u>3,121</u>
	<u><u>447,788</u></u>	<u><u>305,571</u></u>	<u><u>6,149</u></u>	<u><u>3,121</u></u>
	1998	1997	1998	1997
	£000	Restated £000	£000	Restated £000
Net assets/(liabilities)				
Business segment:				
Contracting	36,719	40,728	34,064	43,664
Wind Energy	9,790	11,203	8,430	6,854
PFI Concessions	(4,015)	(1,413)		
	<u>42,494</u>	<u>50,518</u>	<u>42,494</u>	<u>50,518</u>
Investments	2,121	1,454	2,121	1,454
Taxation	(290)	(71)	(290)	(71)
Net cash	18,326	7,755	18,326	7,755
	<u>62,651</u>	<u>59,656</u>	<u>62,651</u>	<u>59,656</u>
	<u><u>62,651</u></u>	<u><u>59,656</u></u>	<u><u>62,651</u></u>	<u><u>59,656</u></u>
Geographic segment:				
United Kingdom				
Other				
Investments				
Taxation				
Net cash				

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998	1997
	£000	Restated £000
Unlisted investments	240	75
Other interest receivable and similar income	1,833	1,434
	<u>2,073</u>	<u>1,509</u>
	<u><u>2,073</u></u>	<u><u>1,509</u></u>

**SIR ROBERT McALPINE (HOLDINGS) LIMITED**

**NOTES TO THE ACCOUNTS**

Year ended 31 October 1998

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998	1997
	£000	Restated £000
Bank loans and overdrafts		
Other loans	4,179	1,460
Finance leases	93	127
	653	848
	<hr/>	<hr/>
	4,925	2,435
	<hr/>	<hr/>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION  
IS ARRIVED AT AFTER CHARGING/(CREDITING):**

	1998	1997
	£000	Restated £000
Depreciation - owned assets		
- leased assets	5,906	4,028
Amortisation of goodwill	519	1,227
Hire of land and buildings	66	73
Hire of plant and machinery	849	375
Auditors' remuneration:	3,273	3,590
Audit fees		
Other services	152	128
	55	25
Net profit on sales of fixed assets	(239)	(337)
	<hr/>	<hr/>

**Directors and staff**

**Aggregate emoluments of the Directors of the Company:**

**Salaries and taxable benefits**

**Pension contributions**

2,136	1,212
255	239

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2,391	1,451
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**Staff costs including Directors' emoluments:**

**Wages and salaries**

**Social security costs**

**Other pension costs**

49,692	42,403
4,133	3,704
1,283	381

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55,108	46,488
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Number	Number
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Average number employed during the year including Directors

2,220	1,935
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Emoluments of the highest paid Director are as follows:

1998	1997
------	------

Aggregate emoluments excluding pension contributions

£314,204	£274,970
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Accrued pension at the year end

£112,839	£102,053
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Retirement benefits are accruing to twelve (1997 eleven) Directors under defined benefit schemes.

**SIR ROBERT McALPINE (HOLDINGS) LIMITED****NOTES TO THE ACCOUNTS**Year ended 31 October 1998**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £000	1997 £000
Charge/(credit) on the profit for the year:		
UK Corporation tax at 31% (1997 31.8%)	-	4
Deferred taxation	181	(5)
Taxation attributable to franked investment income	45	-
Prior year adjustment	(48)	-
Overseas taxation	67	-
Taxation on Group's share of profits of:		
Joint ventures	44	65
Associates	207	97
	<u>496</u>	<u>161</u>
	<u><u>      </u></u>	<u><u>      </u></u>

The charge for taxation on the profit for the year is disproportionate due to the non-payment for group relief.

**7. EARNINGS PER SHARE**

	1998 Number	1997 Number
Average shares in issue	28,050,000	28,050,000
	£000	£000
Profit for the year	<u>3,677</u>	<u>1,994</u>
Earnings per share	<u>13.1p</u>	<u>7.1p</u>

# SIR ROBERT M'ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 8. TANGIBLE FIXED ASSETS

	Total £000	Freeholds £000	Long Leaseholds £000	Short Leaseholds £000	Plant and Machinery £000	Fixtures, Fittings, Tools and Equipment £000
<b>Group</b>						
<b>Cost</b>						
As at 1 November 1997 (restated)	83,176	19,836	998	1,958	49,862	10,522
Exchange rate adjustment	(9)	(7)	-	-	(2)	-
Additions at cost	9,387	726	-	-	7,810	851
On acquisition of subsidiaries	235	-	-	-	169	66
Eliminated on disposal	(5,256)	(309)	-	-	(4,623)	(324)
As at 31 October 1998	<u>87,533</u>	<u>20,246</u>	<u>998</u>	<u>1,958</u>	<u>53,216</u>	<u>11,115</u>
<b>Depreciation</b>						
As at 1 November 1997 (restated)	40,426	4,204	128	960	26,450	8,684
Exchange rate adjustment	(4)	(2)	-	-	(2)	-
Provision for the year	6,425	329	21	83	5,252	740
On acquisition of subsidiaries	133	-	-	-	99	34
Eliminated on disposal	(3,757)	(15)	-	-	(3,538)	(204)
As at 31 October 1998	<u>43,223</u>	<u>4,516</u>	<u>149</u>	<u>1,043</u>	<u>28,261</u>	<u>9,254</u>
<b>Net book value</b>						
As at 31 October 1998	<u>44,310</u>	<u>15,730</u>	<u>849</u>	<u>915</u>	<u>24,955</u>	<u>1,861</u>
Net book value						
As at 31 October 1997 (restated)	<u>42,750</u>	<u>15,632</u>	<u>870</u>	<u>998</u>	<u>23,412</u>	<u>1,838</u>

The net book value of plant and machinery includes £357,000 (1997 £1,784,000) in respect of assets held under finance leases.

# SIR ROBERT McALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 9. FIXED ASSET INVESTMENTS

#### a. Group: Associates and joint ventures

	Associate Total £000	Associate Equity £000	Associate Goodwill £000	Joint Venture Equity £000
<b>Cost or valuation</b>				
As at 1 November 1997 (restated)	2,080	629	1,451	(622)
Additions	-	-	-	1,439
Increase/(decrease) in reserves	177	177	-	(3,978)
Disposals	(564)	(201)	(363)	-
As at 31 October 1998	<u>1,693</u>	<u>605</u>	<u>1,088</u>	<u>(3,161)</u>
<b>Provisions</b>				
As at 1 November 1997 (restated)	115	-	115	-
Additions	66	-	66	-
Disposals	(41)	-	(41)	-
As at 31 October 1998	<u>140</u>	<u>-</u>	<u>140</u>	<u>-</u>
<b>Net book value as at 31 October 1998</b>	<u>1,553</u>	<u>605</u>	<u>948</u>	<u>(3,161)</u>
Net book value as at 31 October 1997 (restated)	<u>1,965</u>	<u>629</u>	<u>1,336</u>	<u>(622)</u>
Shares at cost		306		1,856
Share of post-acquisition reserves		299		(5,017)
		<u>605</u>		<u>(3,161)</u>

The share of gross assets and liabilities of joint ventures may be further analysed as follows:-

	1998 £000	1997 £000
<b>Share of assets</b>		
Fixed assets	32,223	17,136
Current assets	12,457	24,922
	<u>44,680</u>	<u>42,058</u>
<b>Share of liabilities</b>		
Liabilities due within one year	6,529	7,998
Liabilities due after more than one year	41,312	34,682
	<u>47,841</u>	<u>42,680</u>
<b>Share of net liabilities</b>	<u>(3,161)</u>	<u>(622)</u>

Details of principal associates and joint ventures are shown on page 22.

# SIR ROBERT M'ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 9. FIXED ASSET INVESTMENTS (CONTINUED)

#### b. Other investments

	Total	Joint Venture Loans	Unlisted Securities	Other Loans	Shares in Subsidiaries	Shares in Joint Ventures
	£000	£000	£000	£000	£000	£000
<b>Group</b>						
<b>Cost</b>						
As at 1 November 1997 (restated)	1,846	3	736	1,107	-	-
Additions	953	-	477	476	-	-
Disposals	(215)	-	(50)	(165)	-	-
As at 31 October 1998	2,584	3	1,163	1,418	-	-
<b>Provisions</b>						
As at 1 November 1997 (restated)	389	-	215	174	-	-
Additions	196	-	134	62	-	-
Disposals	(125)	-	(50)	(75)	-	-
As at 31 October 1998	460	-	299	161	-	-
<b>Net book value</b>						
As at 31 October 1998	2,124	3	864	1,257	-	-
Net book value						
As at 31 October 1997 (restated)	1,457	3	521	933	-	-
<b>Company</b>						
<b>Cost</b>						
As at 1 November 1997	39,337	3	214	659	38,044	417
Additions	1,023	-	99	432	492	-
Disposals	(125)	-	(50)	(75)	-	-
As at 31 October 1998	40,235	3	263	1,016	38,536	417
<b>Provisions</b>						
As at 1 November 1997	155	-	80	75	-	-
Disposals	(125)	-	(50)	(75)	-	-
As at 31 October 1998	30	-	30	-	-	-
<b>Net book value</b>						
As at 31 October 1998	40,205	3	233	1,016	38,536	417
Net book value						
As at 31 October 1997	39,182	3	134	584	38,044	417

The company acquired during the year was St Blaise Limited, a specialist restoration contractor. This was accounted for under the acquisition method.

Details of principal subsidiaries are shown on page 21



# SIR ROBERT M'ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 10. STOCKS

	1998	1997
	£000	Restated £000
<b>Group</b>		
Materials and consumables	774	464
Properties held for development and sale	497	472
Work in progress	1,228	404
	<hr/>	<hr/>
	2,499	1,340
	<hr/>	<hr/>

### 11. DEBTORS

	Group		Company	
	1998	1997	1998	1997
	£000	Restated £000	£000	£000
Amounts falling due within one year:				
Amounts recoverable on contracts	56,660	43,032	-	-
Trade debtors	1,244	800	-	-
Amounts owed by parent company	42,939	41,749	-	-
Amounts owed by subsidiary companies	-	-	11,018	10,898
Amounts owed by fellow subsidiaries	5,071	4,843	-	-
Amounts owed by associates	24	38	-	-
Amounts owed by joint ventures	-	76	-	-
Other debtors	8,186	6,836	-	-
Taxation	877	184	-	-
Prepayments and accrued income	19,217	4,480	-	10
	<hr/>	<hr/>	<hr/>	<hr/>
	134,218	102,038	11,018	10,908
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due after one year:				
Amounts recoverable on contracts	6,618	5,888	-	-
Trade debtors	73	-	-	-
Other debtors	913	1,350	-	-
Prepayments and accrued income	-	15,831	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,604	23,069	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	141,822	125,107	11,018	10,908
	<hr/>	<hr/>	<hr/>	<hr/>

# SIR ROBERT McALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 12. CREDITORS

	Group		Company	
	1998	1997	1998	1997
	£000	Restated £000	£000	£000
Amounts falling due within one year:				
Loans (see note 17)	540	1,647	-	-
Bank overdrafts	225	1,673	-	-
Payments on account	3,650	6,084	-	-
Trade creditors	92,420	68,868	-	-
Amounts owed to parent company	-	-	15,833	13,912
Amounts owed to subsidiary companies	-	-	4,119	5,897
Amounts owed to fellow subsidiary companies	4,791	4,287	499	-
Amounts owed to associates	20	-	-	-
Amounts owed to joint arrangements	-	514	-	-
Other creditors	3,177	3,433	-	-
Finance leases	533	1,693	-	-
Taxation and social security	4,586	5,358	-	-
Accruals and deferred income	12,747	10,154	6	5
	<u>122,689</u>	<u>103,711</u>	<u>20,457</u>	<u>19,814</u>
	<u><u>122,689</u></u>	<u><u>103,711</u></u>	<u><u>20,457</u></u>	<u><u>19,814</u></u>
Amounts falling due after more than one year:				
Loans (see note 17)	15,647	14,455	-	-
Trade creditors	2,562	1,621	-	-
Other creditors	1,011	780	-	-
Accruals and deferred income	16,352	15,831	-	-
Finance leases falling due within one to two years	72	615	-	-
Finance leases falling due within two to five years	-	80	-	-
	<u>35,644</u>	<u>33,382</u>	<u>-</u>	<u>-</u>
	<u><u>35,644</u></u>	<u><u>33,382</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £000	Deferred Taxation £000	Pension Provisions £000	Other Provisions £000
<b>Group</b>				
As at 1 November 1997	810	26	-	784
Charged to profit and loss account	2,282	181	642	1,459
	<u>3,092</u>	<u>207</u>	<u>642</u>	<u>2,243</u>
	<u><u>3,092</u></u>	<u><u>207</u></u>	<u><u>642</u></u>	<u><u>2,243</u></u>
As at 31 October 1998				
Deferred taxation is in respect of:				
Accelerated capital allowances		41		
Other timing differences		166		
		<u>207</u>		
		<u><u>207</u></u>		

There was no unprovided liability to deferred taxation at the year end (1997 £nil).

Other provisions relate to construction activities and provisions for contingent liabilities.

# SIR ROBERT M'ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 14. CALLED UP SHARE CAPITAL

	1998 £000	1997 £000
<b>Equity</b>		
Authorised - 30,000,000 ordinary shares of £1 each	30,000	30,000
	<hr/>	<hr/>
Allotted and fully paid - 28,050,000 ordinary shares of £1 each	28,050	28,050
	<hr/>	<hr/>

### 15. RESERVES

	Total £000	Other Reserves £000	Profit and Loss Account £000
<b>Group</b>			
As at 1 November 1997 (restated)	31,606	36,381	(4,775)
Retained profit for the year	3,541	-	3,541
Net differences on exchange	67	67	-
Goodwill written off to reserves	(613)	-	(613)
	<hr/>	<hr/>	<hr/>
As at 31 October 1998	34,601	36,448	(1,847)
	<hr/>	<hr/>	<hr/>
<b>Company</b>			
As at 1 November 1997 (restated)	2,476	-	2,476
Retained loss for the year	240	-	240
	<hr/>	<hr/>	<hr/>
As at 31 October 1998	2,716	-	2,716
	<hr/>	<hr/>	<hr/>

Other reserves comprise undistributable profits and unrealised gains and losses on exchange. As permitted by Section 230 of the Companies Act 1985 no profit and loss account of the parent company is presented. The profit of the company for the year was £240,000 (1997 £473,000).

### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £000	1997 Restated £000
Profit for the financial year	3,677	1,994
Dividends	(136)	(240)
	<hr/>	<hr/>
Other recognised gains and losses relating to the year	3,541	1,754
Goodwill	67	(286)
	(613)	193
	<hr/>	<hr/>
Net addition to shareholders' funds	2,995	1,661
Opening shareholders' funds	59,656	57,995
	<hr/>	<hr/>
Closing shareholders' funds	62,651	59,656
	<hr/>	<hr/>

# SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 October 1998

### 17. LOANS

	1998 £000	1997 £000
<b>Group</b>		
Repayments of all loans fall due:		
One year or less	540	1,647
Between one and two years	911	1,254
Between two and five years	3,156	2,759
In five years or more	11,580	10,442
	<u>16,187</u>	<u>16,102</u>

The following table provides details of loans to the Group not wholly repayable within five years:

	1998 £000	1997 £000
<b>Sterling:</b>		
Repayable 1999 - 2014 by equal instalments	5,625	5,625
Repayable 1998 - 2010 by equal instalments	10,310	8,138
	<u>15,935</u>	<u>13,763</u>

The above loans are at variable rates of interest with margins between 1% and 1.5% over LIBOR. Interest rate swaps have been used to reduce the Group's exposure to fluctuating interest rates.

Loans to subsidiary companies are secured upon those companies' tangible fixed assets.

### 18. RETIREMENT BENEFITS

The Group operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was at 5 April 1998. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. It was assumed that the investment return would exceed the rate of salary increase by 1.5% per annum and the rate of pension increases by 4.0% per annum, or 3.75% per annum to the extent that the pension was earned by service subsequent to 5 April 1997. At the date of the latest actuarial valuation, preliminary results indicate that the market value of the scheme's investments amounted to £195m and the actuarial value of these investments was sufficient to cover 113% of the benefits that had accrued to members.

### 19. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the Group provides post-retirement medical insurance benefits for a number of its retired employees. The Group has opted to recognise the obligation by spreading forward the cost over the expected service lives of current employees. In calculating the obligation it was assumed that long term medical expenses inflation would average 7.5% per annum. The amount provided at 31 October 1998 is £725,000 (1997 £634,000) and the charge for the year is £91,000 (1997 £97,000).

### 20. COMMITMENTS

Capital commitments by subsidiary companies contracted for, but not provided in the financial statements, in respect of:

- fixed asset investments £9.9m (1997 £7.4m).
- other expenditure £0.7m (1997 £3.7m).

## **SIR ROBERT M'ALPINE (HOLDINGS) LIMITED**

### **NOTES TO THE ACCOUNTS**

Year ended 31 October 1998

#### **20. COMMITMENTS (CONTINUED)**

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

	1998 £000	1997 £000
<b>Group</b>		
Operating leases which expire within one year	162	44
In two to five years	390	125
Over five years	395	384
	<u>947</u>	<u>553</u>
	<u>          </u>	<u>          </u>

#### **21. CONTINGENT LIABILITIES**

There were contingent liabilities in respect of:

- a. certain cross guarantees in respect of Group bank borrowings which stood at £1.6m at 31 October 1998 (1997 £4.7m).  
There is a fixed charge over certain assets of the company;
- b. joint and several guarantees relating to mortgage debentures issued by a joint arrangement, up to a maximum of £0.6m (1997 £0.9m);
- c. guarantees by the company to subscribe equity into various joint ventures and unlisted investments to the value of £9.9m (1997 £7.4m);
- d. guarantees of contract performance bonds given in the normal course of business;
- e. guarantees of performance by subsidiary and joint arrangements under funding and leasing agreements;
- f. completed and uncompleted contracts.

#### **22. RELATED PARTY TRANSACTIONS**

The following disclosures are required under Financial Reporting Standard No 8;

##### **Associates and Joint Ventures**

There were transactions amounting to £16.1m (1997 £7.5m) with respect to construction and other contracts on normal commercial terms with various joint ventures.

Details of the Group's associates and joint ventures are set out on page 22. Investments in and loans to associates and joint ventures are set out in Note 9 and other amounts due to or from associates, joint ventures and joint arrangements are shown in Notes 11 and 12.

##### **Ultimate controlling party**

The ultimate controlling party of the Company is The Partnership Trust, of which certain of the trustees are Directors of the Company. Directors' interests are shown in the Report of the Directors on page 1.

The Company is a wholly owned subsidiary of Newarthill p.l.c. and has taken advantage of the exemption which is conferred by Financial Reporting Standard No 8 that allows it not to disclose transactions with group undertakings.

#### **23. PARENT COMPANY**

The parent company is Newarthill p.l.c. which is incorporated in Great Britain and registered in England and Wales. Copies of the Group accounts can be obtained from Newarthill p.l.c., 40 Bernard Street, London, WC1N 1LG.

## SIR ROBERT M<sup>c</sup>ALPINE (HOLDINGS) LIMITED

### SUBSIDIARY COMPANIES AND JOINT ARRANGEMENTS

As at 31 October 1998

#### SUBSIDIARY COMPANIES

The following represent the principal subsidiaries as at 31 October 1998 and, except where otherwise stated were incorporated, registered and operated in England and Wales and were wholly owned.

##### Direct Subsidiaries

Sir Robert M <sup>c</sup> Alpine Limited	(Cayman Islands)	(Civil engineering and building)
M <sup>c</sup> Alpine Limited		(Civil engineering and building)
Renewable Energy Systems Limited		(Supply and operation of wind farms)
Aquae Sulis Limited		(Property investment)
St Blaise Limited (90%)		(Specialist restoration)

##### Other Subsidiaries

###### Civil Engineering and Building:

Sir Robert M<sup>c</sup>Alpine Construction Management Limited  
Sir Robert M<sup>c</sup>Alpine Management Contractors Limited  
Gee Joinery Limited

#### PRINCIPAL JOINT ARRANGEMENTS

The following represent the principal joint arrangements of the Group, all within the UK unless otherwise stated, as at 31 October 1998.

##### a. Incorporated

Company	Country of Registration, Incorporation and Principal Country of Operation	Issued Shares	Group Holding %	Date of Accounts
M <sup>c</sup> Alpine (Cayman) Limited	Cayman Islands	10,000 ordinary shares of CI\$1 each	40	31/10/98

##### b. Unincorporated

	Group interest in Joint Arrangement
<b>Construction</b>	
M <sup>c</sup> Alpine/Wayss & Freytag/Bachy JV	40%
M <sup>c</sup> Alpine - Hochtief JV	50%
M <sup>c</sup> Alpine/Amey JV	50%
M <sup>c</sup> Alpine/Amey/Taylor Woodrow JV	33%
M <sup>c</sup> Alpine/Amey/Taylor Woodrow/Barr JV	30%
M <sup>c</sup> Alpine - Laing JV	50%

**SIR ROBERT M'ALPINE (HOLDINGS) LIMITED****ASSOCIATES AND JOINT VENTURES**

As at 31 October 1998

**ASSOCIATE**

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Company	County of Registration, Incorporation and Principal Country of Operation	Issued Shares	Group Holding %	Date of Accounts
Interior Services Group Plc	England	20,943,651 ordinary shares of 1p each	18	30/06/98

**JOINT VENTURES**

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Company	County of Registration, Incorporation and Principal Country of Operation	Issued Shares	Group Holding %	Date of Accounts
Autolink Concessionaires (A19) Ltd	England	1,438,860 'C' ordinary shares of £1 each 1,438,860 'A' ordinary shares of £1 each 1,438,860 'B' ordinary shares of £1 each	100 nil nil	31/12/97
Autolink Holdings (M6) Ltd	England	150,000 'B' ordinary shares of 10p each 150,000 'A' ordinary shares of 10p each 150,000 'C' ordinary shares of 10p each 150,000 'D' ordinary shares of 10p each 269,237 'E' ordinary shares of 10p each	100 nil nil nil nil	31/12/97
Fondedile Foundations Limited	England	500,000 ordinary shares of £1 each	50	31/12/97