

I certify the enclosed to be a true copy of every
balance sheet laid before the Company at the
General Meeting during the period to which the
return relates (including every document required
by law to be annexed to the balance sheet) and a
true copy of the report of the auditors or one
of the report of the directors accompanying each such

REDPATH DORMAN LONG (CONTRACTING) LIMITED

balance sheet

W. H. L. L. L.
Company Secretary

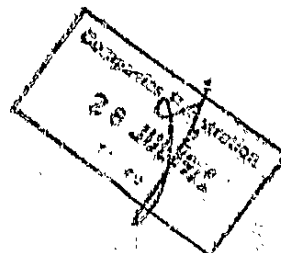
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ANNUAL REPORT AND ACCOUNTS

for the financial year ended

1st April, 1978



8. Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

Elliot House
Hillside Crescent
Edinburgh.

22nd June 1978

By Order of the Board

P. M. Webster

Secretary

A/R 6/7/78
Cap. £1,750,000

Paid £1,750,000

REEDPATH DORMAN LONG (CONTRACTING) LIMITED

(A publicly owned company within the meaning of the Iron and Steel Act 1975)

DIRECTORS' REPORT ON THE ACCOUNTS FOR THE YEAR

ENDED 1ST APRIL 1978

DIRECTORS : Mr. E. P. Gallagher - Chairman
Mr. W. H. Arch
Mr. N. G. Derby
Mr. J. Kinsella
Mr. A. Morris

*Change of name
to
RDL Contracting Ltd.
on 26/9/78*

The Directors submit their annual report with the balance sheet of the Company at 1st April 1978 and the profit and loss account for the financial year ended on that date.

1. Principal activities of the Company

The Company is principally engaged in bridge building, structural steelwork erection, civil engineering and contracting.

2. Trading results

The results for the year are set out in the profit and loss account on page 4.

3. Exports

The total value of direct exports from the United Kingdom by the Company was £7,643,000 (1977 : £7,602,000).

4. Fixed assets

Changes in fixed assets are shown on page 11.

5. Directors

The names of the present directors of the Company are set out above. All of the directors were in office throughout the year under review.

6. Directors' interests

None of the directors has held or holds any interest directly or indirectly as an individual or through members of his family in the capital of either the Company or its parent company or in any contracts with the Company or its parent company at any time in the year under review.

7. Dividend

The directors recommend the payment of a dividend of £350,000.

8. Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By Order of the Board

P. M. Webster

Secretary

Elliot House
Hillside Crescent
Edinburgh.

22nd June 1978

REDPATH DORMAN LONG (CONTRACTING) LIMITED

REPORT OF THE AUDITORS

In our opinion the accounts set out on pages 4 to 14 give a true and fair view of the state of the Company's affairs at 1st April 1978 and of its profit and source and application of funds for the year ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

Bedford
22nd June 1978

COOPERS & LYBRAND
Chartered Accountants

REDPATH DORMAN LONG (CONTRACTING) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1ST APRIL 1978

	<u>Note</u>	<u>1978</u> <u>£</u>	<u>1977</u> <u>£</u>
Turnover	1	432,942,000	534,075,000
Trading profit	2	534,000	617,000
Interest receivable/(payable)	3	118,000	(14,000)
Profit before taxation		652,000	603,000
Taxation	4	(71,000)	(177,000)
Profit for the year		581,000	426,000
Proposed dividend		(350,000)	-
Increase in reserves		231,000	426,000

Statement of reserves

Balance/(deficit) at beginning of year	383,000	(1,564,000)
Profit for the year as above	231,000	426,000
Surplus on reduction of share capital	-	1,521,000
Balance at end of year	614,000	383,000

Notes forming part of these accounts appear on pages 7 to 14.
The audit report is on page 3.

BALANCE SHEET
AT 1ST APRIL 1978

E. P. GALLAGHER
A. MORRIS

Notes forming part of these accounts appear on pages 7 to 14.
The audit report is on page 5.

REDPATH DORMAN LONG (CONTRACTING) LIMITED
SUMMARY OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 1ST APRIL 1978

	<u>1978</u> £	<u>1977</u> £
<u>Source of funds</u>		
Generated from operations		
Profit for the year	652,000	603,000
Adjustment for items not involving the movement of funds		
Depreciation (less grants released)	163,000	137,000
Issue of shares	815,000	740,000
Disposal of fixed assets	-	1,521,000
Regional development grants	-	(1,394,000)
	<u>837,000</u>	<u>888,000</u>
<u>Application of funds</u>		
Tax paid	129,000	5,000
Additions to fixed assets	269,000	263,000
Loan to parent company	-	2,500,000
	<u>398,000</u>	<u>2,768,000</u>
Increase/(decrease) in working capital		
Stocks and work in progress	2,327,000	(3,130,000)
Debtors	(388,000)	304,000
Creditors	(581,000)	(117,000)
Current accounts with British Steel Corporation	609,000	1,111,000
	<u>1,967,000</u>	<u>(1,832,000)</u>
Movement in net liquid funds		
Advance account with parent company	(1,500,000)	(188,000)
Cash and bank balances	(28,000)	140,000
	<u>(1,528,000)</u>	<u>(48,000)</u>
	<u>837,000</u>	<u>888,000</u>

Notes forming part of these accounts appear on pages 7 to 14.
The audit report is on page 3.

GENERAL NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

I Financial year

Redpath Dorman Long (Contracting) Limited, is a wholly-owned subsidiary of Redpath Dorman Long Limited, a subsidiary of British Steel Corporation, accordingly these accounts have been prepared for the financial year from 3rd April 1977 to 1st April 1978, the accounting period of British Steel Corporation.

II Regional development and other grants

The total amounts received and receivable in respect of regional development and similar grants since the relevant legislation was introduced are taken to a separate account and appropriate amounts are released to profit and loss account over the estimated lives of the assets to which they relate.

III Land, buildings and plant

Land, buildings and plant are recorded at original cost, less accumulated depreciation. Cost comprises the direct expenditure incurred without deducting regional development and other grants and, in the case of assets constructed by the Company, includes related works and administrative overheads.

Regional development and other grants are credited to a separate account. (See general note II above).

Commissioning costs and interest attributable to expenditure on assets in course of construction are not capitalised but are written off to revenue as incurred.

Expenditure on new installations and schemes, which have not been commissioned by the accounting date, is classified as buildings and plant in course of construction and is transferred to the appropriate fixed asset account on completion of commissioning.

IV Depreciation

Depreciation has been calculated for general works and erection plant on the original cost of the assets as to write off expenditure on a straight line basis over a period of fifteen years, or such shorter period as is appropriate. Other fixed assets are depreciated on a straight line basis at rates appropriate to the class of asset concerned. No depreciation is charged on buildings and plant in course of construction.

The minimum annual depreciation rates used for the main categories of fixed assets are :-

	<u>Rate</u>
Freehold and long leasehold buildings which house plant; and other works buildings	6 $\frac{2}{3}$ %
Other freehold and long leasehold buildings	2 %
Plant and machinery with an estimated minimum life of 15 years	6 $\frac{2}{3}$ %
Plant and machinery with an estimated life of less than 15 years	According to the life

Profits or losses on disposal are included in the results for the year.

GENERAL NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

V Stock and work in progress

Stocks include raw materials, purchased components, partly processed materials, finished products, spares and stores and are valued at the lower of cost and net realisable value. Cost of raw materials, purchased components, spares and stores is determined at purchase price, including delivery charges. Partly processed and finished products are stated at cost of production including works overheads. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of conversion from its existing state to a finished condition and costs of disposal. Provisions are made, where necessary, to cover slow moving and obsolescent items.

Contract work in progress is valued at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost comprises direct costs and related works overheads. In the case of contracts of more than one year's duration, a proportion of the profit earned, prudently reflecting the amount of work performed, is taken, although no profit is taken until a contract is at least 60 per cent complete. In the case of contracts of less than one year's duration, no profit is taken until a contract has reached substantial physical completion. Provision is made for all losses likely to be incurred in completing contracts as soon as the losses are recognised. Progress payments are deducted from the value of contract work in progress up to the amount of that value. Any excess, together with any loss provisions in excess of the value of contract work in progress, is included in current liabilities.

VI Pensions

Pension obligations for all staff and manual grades employed in the United Kingdom are funded in the British Steel Corporation Staff and Manual Grades Superannuation Schemes, which are administered independently of the Corporation. Actuarial valuations take place at intervals of not more than three years. Contributions to the schemes are charged in the accounts as they accrue. The cost of improved benefits is met from future contributions to the schemes and charged in the accounts over the average remaining service life of scheme members at the date of the change.

VII Insurance

Legal liabilities to employees and to third parties are covered by policies of insurance, and a personal accident cover is in force for pre-determined circumstances. Marine, aircraft risks, contracts and construction plant are also insured. Material damage and consequential losses caused by fire, explosion and aircraft are covered by policies if they are in excess of stated limits for any one loss. Where appropriate, export credit risks are covered with Export Credits Guarantee Department. Otherwise losses are not insured; in these cases costs are charged in the accounts as they are recognised.

VIII Foreign Currencies

Assets and liabilities in foreign currencies are converted into sterling at the quoted rates of exchange ruling at the year end.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

GENERAL NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

IX Turnover

Turnover represents, in respect of home and export trade, the amounts invoiced, including delivery charges, for contract work and services rendered, and does not include V.A.T. and similar taxes.

X Repairs and renewals

Repairs and renewals are charged to profit and loss account as incurred.

XI Research and development expenditure

Revenue expenditure on research and development is charged to profit and loss account when incurred. Capital expenditure is written off over the period of research.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 1ST APRIL 1978

1. Turnover

- 1.1 The method by which turnover is arrived at is stated in general note IX above.
- 1.2 Turnover includes contract work invoiced to British Steel Corporation amounting to £411,861,000 (1977 : £503,325,000). Of this, £402,645,000 (1977 : £487,693,000) relates to work done by the Company which acts as prime contractor to British Steel Corporation in respect of certain contract work, the cost of which will be reimbursed by British Steel Corporation to the Company and will therefore result in neither profit nor loss, to the Company.
- 1.3 Turnover also includes £5,753,000 (1977 : £4,955,000) being the appropriate share of the turnover of two (1977 : one) joint venture export contracts.

2. Trading results

2.1 Trading results are stated

	<u>1978</u> £	<u>1977</u> £
after charging :-		
Depreciation	169,000	143,000
Hire of plant and machinery	894,000	946,000
Directors' remuneration (see note 2.3 below)	26,000	23,000
and crediting :-		
Regional development and other grants (see general note II)	6,000	6,000

2.2 Auditors' remuneration

The auditors' remuneration is included in the audit fee charged to and dealt with in the accounts of British Steel Corporation.

2.3 Information relating to emoluments of directors and other employees.

The remuneration of the chairman and two other directors is dealt with in the accounts of the parent company. The remuneration of the other directors is within the following ranges :-

	<u>1978</u> Number	<u>1977</u> Number
£7,501 - £10,000	-	1
£10,001 - £12,500	2	1
Emoluments of other employees		
£10,001 - £12,500	5	2

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 1ST APRIL 1978

3. Interest receivable/(payable)

Interest receivable comprises £118,000 (1977 : £14,000 - payable) on the parent company advance account.

4. Taxation

	<u>1978</u> £	<u>1977</u> £
Overseas taxation		
Current year	(71,000)	(88,000)
Adjustment of previous year's charge	-	(89,000)
	<u>(71,000)</u>	<u>(177,000)</u>

There are net unutilised taxation losses for the Company amounting in aggregate to £2,180,000 (1977 : £945,000) which are available against future profits of the Company.

5. Fixed assets

	<u>Land & buildings</u> <u>Short leasehold</u> £	<u>Plant machinery equipment & vehicles</u> £	<u>Total</u> £
<u>Cost</u>			
Balance at 3rd April 1977	6,957,000	773,000	7,730,000
Additions at cost	-	269,000	269,000
Group transfers	(6,957,000)	(17,000)	(6,974,000)
Disposals	-	(100,000)	(100,000)
Balance at 1st April 1978	<u>-</u>	<u>925,000</u>	<u>925,000</u>
<u>Depreciation</u>			
Balance at 3rd April 1977	6,957,000	340,000	7,297,000
Charge for the year	-	169,000	169,000
Group transfers	(6,957,000)	(15,000)	(6,972,000)
Disposals	-	(80,000)	(80,000)
Balance at 1st April 1978	<u>-</u>	<u>414,000</u>	<u>414,000</u>
Net book value at 1st April 1978	<u>-</u>	<u>511,000</u>	<u>511,000</u>
Net book value at 2nd April 1977	<u>-</u>	<u>433,000</u>	<u>433,000</u>

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 1ST APRIL 1978

6. Future capital expenditure

Capital expenditure not provided for in the accounts is as follows :-

	<u>1978</u>	<u>1977</u>
	£	£
Commitments in respect of contracts placed	-	7,000
Amounts approved by British Steel Corporation not yet committed	65,000	3,000
	<u>65,000</u>	<u>10,000</u>

Under present legislation no regional development or other grants will be receivable in respect of this future capital expenditure.

7. Long term debtors

Included in long term debtors is £100 (1977 : £100), being the cost of one third of the equity share capital of an associated company, at which amount the directors have valued the investment at 1st April 1978.

The associated company, British Bridge Builders Limited, which is incorporated in England, is engaged in a major construction contract on which no profit is being taken until such time as the ultimate profitability of the contract can be reliably estimated. To date the directors do not consider the figures significant and accordingly no amounts have been incorporated in these accounts.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 1ST APRIL 1978

8. Net current liabilities

	<u>1978</u>	<u>1977</u>
	£	£
<u>Current assets</u>		
Contract work in progress	108,872,000	88,275,000
Less : Progress payments	105,682,000	86,931,000
	<u>3,190,000</u>	<u>1,344,000</u>
Stores, spares and erection tackle	446,000	440,000
	<u>3,636,000</u>	<u>1,784,000</u>
Debtors	3,353,000	3,776,000
Current accounts with :		
British Steel Corporation	471,000	1,394,000
Subsidiaries of British Steel Corporation	12,000	10,000
Cash and bank balances	118,000	146,000
	<u>7,590,000</u>	<u>7,110,000</u>
<u>Current liabilities</u>		
Creditors	4,518,000	3,937,000
Provision for completion of contract work in progress	2,205,000	2,680,000
Current accounts with :		
Redpath Dorman Long Limited	1,433,000	2,923,000
Subsidiaries of British Steel Corporation	-	40,000
Taxation	99,000	157,000
Proposed dividend	350,000	-
	<u>8,605,000</u>	<u>9,737,000</u>
Net current liabilities	<u>(1,015,000)</u>	<u>(2,627,000)</u>

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 1ST APRIL 1978

9. Share capital

Authorised, issued and fully paid

1,750,000 ordinary shares of £1 each

1978

£1,750,000

1977

£1,750,000

10. Parent company advance account

There are no terms for repayment of the advances which bear interest at rates determined from time to time.

11. Contingent liabilities

1978

£2,012,000

1977

£1,487,000

In addition to the amounts set out above there are contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

12. Ultimate holding company

The Company is a wholly-owned subsidiary of Redpath Dorman Long Limited, which is itself a wholly-owned subsidiary company of British Steel Corporation.

The audit report is on page 3.