

We certify that the enclosed are a true copy
of every balance sheet laid before the company
at its General Meeting including every document
required by law to be annexed thereto and a
true copy of the report of its auditors and of
the report of the Directors.

J. M. M. M.
Director

P. M. M. M.

Secretary

REDPATH DORMAN LONG (CONTRACTING) LIMITED

ANNUAL REPORT AND ACCOUNTS
for the financial year ended
2nd April, 1977

REDPATH 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 2ND APRIL 1977

DIRECTORS:-

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

The directors submit their annual report with the balance sheet of the Company at 2nd April 1977 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. Share capital

During the year, the capital of the Company has undergone a re-organisation, particulars of which are set out in Note 9 on page 15. Under the provisions of the Iron and Steel Act 1975 and the Companies Act 1948 the share capital of the Company was reduced by £ 1,521,000 to £ 229,000 and thereafter 1,521,000 Ordinary Shares of £ 1 each were created and issued fully paid for cash at par to the existing shareholder, Redpath Dorman Long Limited.

3. Trading results

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

4. Exports

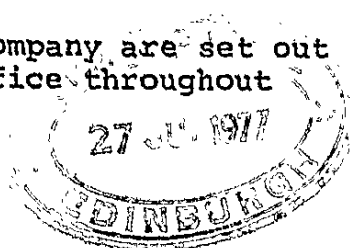
The total value of direct exports from the United Kingdom by the Company was £ 7,602,000 (1976 £ 4,793,000).

5. Fixed assets

Changes in fixed assets are shown on page 12.

6. Directors

The names of the present directors of the Company are set out on page 1. All of the directors were in office throughout the year under review.



REDPATH DORMAN LONG (CONTRACTING) LIMITED

REPORT OF THE AUDITORS

In our opinion the accounts set out on pages 4 to 15 give a true and fair view of the state of the Company's affairs at 2nd April, 1977 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

20th June, 1977

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS

REDPATH DORMAN LONG (CONTRACTING) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 2ND APRIL 1977

	<u>Note</u>	<u>1977</u> £	<u>1976</u> £
Turnover	1.	<u>534,075,000</u>	<u>451,356,000</u>
Trading profit (loss)	2.	617,000	(689,000)
Interest payable	3.	<u>(14,000)</u>	<u>(195,000)</u>
Profit/(loss) before taxation		603,000	(884,000)
Taxation	4.	<u>(177,000)</u>	<u>4,000</u>
Profit/(loss) for the year		<u>426,000</u>	<u>(880,000)</u>
<u>Statement of reserves/(deficit)</u>			
Balance at beginning of year		(1,564,000)	(684,000)
Profit/(loss) for the year as above		426,000	(880,000)
Surplus on reduction of share capital	9.	<u>1,521,000</u>	<u>-</u>
Balance/(deficit) at end of year		<u>383,000</u>	<u>(1,564,000)</u>

Notes forming part of these accounts appear on pages 7 to 15.

The audit report is on page 3.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

BALANCE SHEET AT 2ND APRIL 1977

	<u>Note</u>	<u>1977</u> £	<u>1976</u> £
<u>Net assets</u>			
Fixed assets	5.	433,000	334,000
Long term debtors	7.	418,000	1,170,000
Net current (liabilities)/assets	8.	(1,170,000)	366,000
Advance to parent company		2,500,000	-
		<u>2,181,000</u>	<u>1,870,000</u>
<u>Capital employed</u>			
Share capital	9.	1,750,000	1,750,000
Revenue reserves		<u>383,000</u>	<u>(1,564,000)</u>
Total of capital and reserves		2,133,000	186,000
Regional development and other grant reserves		<u>48,000</u>	<u>1,684,000</u>
		<u>2,181,000</u>	<u>1,870,000</u>

E. P. GALLAGHER
N. G. DERBY

} DIRECTORS
}

Notes forming part of these accounts appear on pages 7 to 15.

The audit report is on page 3.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

SUMMARY OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 2ND APRIL 1977

	<u>1977</u> £	<u>1976</u> £
<u>Source of funds</u>		
Profit/(Loss) for the year	603,000	(884,000)
Adjustment for items not involving the movement of funds:		
Depreciation (less grants released)	137,000	511,000
Accelerated depreciation	-	3,073,000
Profit on sale of fixed assets	(14,000)	(3,000)
Total generated from operations	726,000	2,697,000
Funds from other sources:		
Issue of shares	1,521,000	-
Sale of fixed assets	35,000	13,000
Regional development grants	(1,394,000)	1,775,000
	<u>888,000</u>	<u>4,485,000</u>
<u>Application of funds</u>		
Tax paid	5,000	67,000
Purchase of fixed assets	263,000	1,663,000
Loan to parent company	2,500,000	-
	<u>2,768,000</u>	<u>1,730,000</u>
<u>Increase/(decrease) in working capital</u>		
Stocks and work in progress	(3,130,000)	532,000
Debtors	304,000	288,000
Creditors	(117,000)	(1,705,000)
Inter-company indebtedness	1,111,000	1,306,000
	<u>(1,832,000)</u>	<u>421,000</u>
<u>Movement in net liquid funds:</u>		
Current account with parent company	(188,000)	2,336,000
Bank balances and cash	140,000	(2,000)
	<u>(48,000)</u>	<u>2,334,000</u>
	<u>888,000</u>	<u>4,485,000</u>

Notes forming part of these accounts appear on pages 7 to 15.

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 4th April, 1976 to 2nd April, 1977, 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 so 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.

REDFATH DORMAN LONG (CONTRACTING) LIMITED

GENERAL NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

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	6½ per cent
Other freehold and long leasehold buildings	2 per cent
Plant and machinery with an estimated minimum life of 15 years	6½ per cent
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.

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.

GENERAL NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

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.

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.

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 2ND APRIL 1977

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 £ 503,325,000 (1976 £ 430,940,000). Of this £ 487,693,000 (1976 £ 418,642,000) 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 £ 7,044,000 (1976 £ 3,817,000) being the appropriate share of the turnover of two (1976 - two, joint venture export contracts).

2. Trading results

- 2.1. Trading results are stated

	<u>1977</u>	<u>1976</u>
	£	£
after charging:-		
Depreciation	143,000	716,000
Hire of plant and machinery	946,000	950,000
Directors' remuneration (see note 2.3. below)	23,000	21,000
and crediting:-		
Regional development and other grants (see general note II)	6,000	205,000

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 2ND APRIL 1977

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 one other director is dealt with in the accounts of the parent company. The remuneration of the other directors is within the following ranges:-

	1977 Number	1976 Number
Up to £ 2,500	-	-
£ 5,001 - £ 7,500	-	-
£ 7,501 - £10,000	1	1
£10,001 - £12,500	2	1
Emoluments of other employees		
£10,001 - £12,500	2	-

3. Interest payable

Interest payable £ 14,000 (1976 £ 195,000) is payable to the parent company on monies advanced.

4. Taxation

	1977 £	1976 £
Overseas Taxation		
Current year	(88,000)	(5,000)
Adjustment of previous years' charge	(89,000)	9,000
	<u>(177,000)</u>	<u>4,000</u>

There are net unutilised taxation losses for the Company amounting in aggregate to £ 945,000 (1976 £ 2,500,000) which are available against future profits of the Company.

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 2ND APRIL 1977

5. Fixed assets

	Land & Buildings		Plant Machinery Equipment & Vehicles	Total
	<u>Freehold</u>	<u>Short Leasehold</u>		
	£	£	£	£
<u>Cost</u>				
Balance at 4th April 1976	6,000	6,957,000	635,000	7,598,000
Additions at cost	-	-	263,000	263,000
Group transfers	(6,000)	-	(2,000)	(8,000)
Disposals	-	-	(123,000)	(123,000)
Balance at 2nd April 1977	-	6,957,000	773,000	7,730,000
<u>Depreciation</u>				
Balance at 4th April 1976	3,000	6,957,000	303,000	7,263,000
Charge for the year	-	-	143,000	143,000
Group transfers	(3,000)	-	(1,000)	(4,000)
Disposals	-	-	(105,000)	(105,000)
Balance at 2nd April 1977	-	6,957,000	340,000	7,297,000
Net book value at 2nd April 1977	-	-	433,000	433,000
Net book value at 3rd April 1976	3,000	-	331,000	334,000

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 2ND APRIL 1977

6. Future capital expenditure

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

	<u>1977</u>	<u>1976</u>
	£	£
Commitments in respect of contracts placed	7,000	11,000
Amounts approved by British Steel Corporation in addition to commitments	<u>3,000</u>	<u>96,000</u>
	<u>10,000</u>	<u>107,000</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 (1976 £ 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 2nd April 1977.

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 2ND APRIL 1977

8. <u>Net current (liabilities)/assets</u>	<u>1977</u> £	<u>1976</u> £
<u>Current assets</u>		
Contract work in progress	88,275,000	53,401,000
Less progress payments	86,931,000	49,692,000
	1,344,000	3,709,000
Stores, spares and erection tackle	440,000	460,000
	1,784,000	4,169,000
Debtors	3,776,000	2,739,000
Regional development and other grants due	-	237,000
Current accounts with:-		
British Steel Corporation	1,394,000	1,351,000
Subsidiaries of British Steel Corporation	10,000	74,000
Cash and bank balances	12,000	6,000
Balances with overseas banks	134,000	-
	7,110,000	8,576,000
<u>Current liabilities</u>		
Creditors	3,937,000	3,820,000
Provision for completion of contract work in progress	2,680,000	1,935,000
Current accounts with:-		
Redpath Dorman Long Limited	1,466,000	2,443,000
Subsidiaries of British Steel Corporation	40,000	7,000
Taxation	157,000	5,000
	8,280,000	8,210,000
<u>Nett current (liabilities)/assets</u>	<u>(1,170,000)</u>	<u>365,000</u>

REDPATH DORMAN LONG (CONTRACTING) LIMITED

NOTES ON AND FORMING PART OF THE ACCOUNTS AT 2ND APRIL 1977

9. Share capital

	<u>1977</u>	<u>1976</u>
	£	£
Authorised, issued and fully paid	<u>1,750,000</u>	<u>1,750,000</u>

On 7th March 1977, the capital of the Company was re-organised.
Under the re-organisation:-

- (i) the capital of the Company was reduced by £ 1,521,000 by cancelling 86.9142857p. of the capital paid up on each of the 1,750,000 Ordinary Shares of £ 1 each, the resulting 1,750,000 Ordinary Shares of 13.0857143p. each being consolidated into 229,000 Ordinary Shares of £ 1 each;
- (ii) the authorised capital was restored to its former amount by the creation of 1,521,000 additional Ordinary Shares of £ 1 each, all of which were issued by way of rights at par.

10. Contingent liabilities

	<u>1977</u>	<u>1976</u>
	£	£
Guarantees given under trade agreements	1,487,000	-

There are contingent liabilities in the ordinary course of business in connection with the completion of contractual arrangements.

11. 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.