

ALFRED McALPINE PLANT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996



COMPANY REGISTRATION NUMBER: 1122808

ALFRED McALPINE PLANT LIMITED

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ALFRED McALPINE PLANT LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 December 1996.

1 PRINCIPAL ACTIVITIES

The principal activity of the Company is the hire of plant and equipment. The Company continues to hire plant and equipment primarily to the building and civil engineering companies within the Alfred McAlpine Group, and also to external markets, including overseas.

2 RESULTS FOR THE YEAR

The Company made a profit after taxation of £939,627 (1995 - £1,071,520). The directors do not recommend the payment of a dividend (1995 - Nil).

3 FUTURE PROSPECTS

There are no changes planned in the operation of the business.

4 DIRECTORS

The members of the Board during the year were as follows:

J D Tull		
H J Stevens	Resigned	2 September 1996
D McCormick	Resigned	2 September 1996
I M Grice	Appointed	2 September 1996
A P Jackson	Appointed	2 September 1996

The following appointments were made after the year end:

G P Crompton	Appointed	1 January 1997
A C Vickers	Appointed	1 January 1997

Mr J D Tull resigned from the Board on 31 July 1997.

None of the directors had a beneficial interest in any contract or arrangement of significance to which the Company was a party during the year.

5 STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are required by UK company law to prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for the year then ended. The directors are also responsible for maintaining adequate accounting records and for taking reasonable steps to safeguard the assets of the Company and detect irregularities and fraud. The directors are required to prepare accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that in preparing the Company's accounts, appropriate accounting policies have been consistently applied and applicable accounting standards complied with. Further, in all material respects, the accounts are supported by prudent judgements and estimates made by reference to information and circumstances known at the time of their preparation.

ALFRED McALPINE PLANT LIMITED

DIRECTORS' REPORT (CONTINUED)

6 EMPLOYEES

It is the policy of the Company to communicate with and involve employees on matters affecting their interests at work and inform them of the performance of the business.

It is also Company policy to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position. Opportunities exist for employees who become disabled to continue in their employment or to be retrained for another position.

7 AUDITORS

Price Waterhouse have confirmed their willingness to accept re-appointment for a further term in accordance with the provisions of the Companies Act 1985.

By Order of the Board



G J Forster
Company Secretary

11 September 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF ALFRED McALPINE PLANT LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on page 1, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

11 September 1997

ALFRED McALPINE PLANT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
TURNOVER (Notes 1,2)	24,893,344	23,367,416
Cost of sales	<u>(20,887,150)</u>	<u>(19,397,256)</u>
GROSS PROFIT	4,006,194	3,970,160
Administration expenses	<u>(1,908,616)</u>	<u>(1,601,890)</u>
OPERATING PROFIT	2,097,578	2,368,270
Interest payable (Note 3)	(736,190)	(655,220)
Loss on disposal of investment (Note 8)	<u>-</u>	<u>(115,900)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)	1,361,388	1,597,150
Taxation on profit on ordinary activities (Note 5)	<u>(421,761)</u>	<u>(525,630)</u>
PROFIT FOR THE FINANCIAL YEAR	939,627	1,071,520
Dividends	<u>-</u>	<u>-</u>
TRANSFER TO RESERVES (Note 15)	<u>939,627</u>	<u>1,071,520</u>

There are no recognised gains or losses other than the profit for the year.

The turnover and profit on ordinary activities are all derived from continuing activities which are unchanged from the previous year.

The notes on pages 6 to 13 form an integral part of these accounts.

ALFRED McALPINE PLANT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS		
Tangible assets (Note 7)	7,610,643	7,073,410
Investment (Note 8)	<u>100</u>	<u>100</u>
	7,610,743	7,073,510
CURRENT ASSETS		
Stocks (Note 9)	1,830,532	1,437,019
Debtors (Note 10)	7,626,962	7,923,914
Cash at bank and in hand	<u>1,301,191</u>	<u>1,157,752</u>
	10,758,685	10,518,685
CREDITORS: Amounts falling due within one year (Note 11)	<u>(8,443,412)</u>	<u>(8,509,505)</u>
NET CURRENT ASSETS	<u>2,315,273</u>	<u>2,009,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	9,926,016	9,082,690
CREDITORS: Amounts falling due after year (Note 12)	(2,245,028)	(2,385,405)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)	<u>(1,212,969)</u>	<u>(1,168,893)</u>
	6,468,019	5,528,392
CAPITAL AND RESERVES		
Called up share capital (Note 14)	3,005,000	3,005,000
Profit and loss account (Note 15)	<u>3,463,019</u>	<u>2,523,392</u>
Shareholders' funds (Note 16)	<u>6,468,019</u>	<u>5,528,392</u>

APPROVED BY THE BOARD ON
11 September 1997


G P Crompton
DIRECTOR

The notes on pages 6 to 13 form an integral part of these accounts.

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(1) Turnover

Turnover comprises the value of work performed, goods sold and services provided, excluding Value Added Tax.

(2) Depreciation

Plant and equipment is depreciated over its estimated useful life as follows:

Office/Computer equipment	33%	Straight line basis
Motor vehicles	20% - 50%	Straight line basis
Heavy plant	13% - 24%	Reducing balance basis
Light plant	10%	Straight line basis

(3) Investment

The investment held as a fixed asset is stated at cost less provision for permanent diminution in value.

(4) Stocks

Stocks have been valued at the lower of cost and estimated net realisable value. Cost represents the direct cost of materials and products purchased.

(5) Deferred taxation

Deferred taxation is provided at anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

(6) Pensions

Contributions to the Group's pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives with the Group.

(7) Leases and hire purchase contracts

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are included in fixed assets and the capital elements of the commitments are shown as obligations under finance leases and hire purchase contracts. Payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives.

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Cash flows

A statement of Group Cash Flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Accordingly no statement is presented with these accounts.

(9) Related party transactions

The Company has taken advantage of the exemption not to disclose related party transactions with other members of the Group under Financial Reporting Standard 8 (Related Party Transactions) as it is a wholly owned subsidiary.

2 SEGMENTAL ANALYSIS

	<u>1996</u> £	<u>1995</u> £
Turnover by geographic markets supplied:		
United Kingdom	18,142,848	20,641,195
Rest of the world	<u>6,750,496</u>	<u>2,726,221</u>
	<u>24,893,344</u>	<u>23,367,416</u>

3 INTEREST PAYABLE

	<u>1996</u> £	<u>1995</u> £
Interest payable to Group undertakings	436,057	458,104
Interest payable on finance leases	300,133	197,058
Other	<u>-</u>	<u>58</u>
	<u>736,190</u>	<u>655,220</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1996</u> £	<u>1995</u> £
Profit on ordinary activities before taxation is after charging:		
Directors' emoluments (Note 6)	77,161	68,613
Depreciation of owned tangible fixed assets	984,899	1,108,307
Depreciation of assets held under finance leases	902,720	916,821
Auditors' remuneration - audit fees	4,500	5,000
Hire of plant and machinery	1,245,915	1,886,000
Rentals under operating leases	<u>9,744,865</u>	<u>7,741,000</u>

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
UK corporation tax charge at 33% (1995 - 33%)	270,685	449,277
Double tax relief	(270,685)	-
Overseas tax	377,000	-
Deferred taxation charge/(credit)		
- current year	222,425	181,163
- prior year	(178,349)	(104,810)
	<u>421,761</u>	<u>525,630</u>

6 DIRECTORS AND EMPLOYEES

	<u>1996</u> £	<u>1995</u> £
Directors' emoluments		
Salaries for management services (including pension contributions and benefits in kind)	77,161	68,613
	<u> </u>	<u> </u>
Emoluments of Chairman	Nil	Nil
	<u> </u>	<u> </u>
Emoluments of highest paid director excluding pension contributions	74,161	67,013
	<u> </u>	<u> </u>
The number of directors whose remuneration, excluding pension contributions, fell within the following ranges was as follows:	Number	Number
Nil to £5,000	4	2
£65,001 to £70,000	-	1
£70,001 to £75,000	1	-
	<u> </u>	<u> </u>

(2) Directors' interests in share capital

The interests of Mr I M Grice and Mr A P Jackson in the ordinary share capital of Alfred McAlpine PLC at 31 December 1996 are shown in the accounts of Alfred McAlpine PLC and Alfred McAlpine Construction Holdings Limited respectively. The interests of Mr J D Tull in the share capital of Alfred McAlpine PLC are as follows:

1991 Executive Share Option Scheme

Date of Grant	4/95
Price	147.0p
Options granted	20,000
	<u> </u>

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

6 DIRECTORS AND EMPLOYEES (CONTINUED)

(2) Directors' interests in share capital (continued)

Ordinarily, options issued under the terms of the 1991 Executive Share Option Schemes are exercisable between three years and ten years from their date of grant.

No director exercised any options during the year to 31 December 1996.

The market price of ordinary shares at 31 December 1996 was 127.5p, and the range of market price during the year was 127p to 194p.

None of the Directors had any interest in the shares of the Company.

The Alfred McAlpine Restricted Share Plan

The Alfred McAlpine Restricted Share Plan (the "Plan") was introduced during the year to encourage an increase in long term comparative total return to shareholders whilst providing competitive remuneration packages to directors and senior executives.

Under the Plan, the Remuneration Committee of Alfred McAlpine PLC grants awards of restricted shares in Alfred McAlpine PLC to key executives. The shares may be released if Alfred McAlpine PLC achieves specified performance criteria and the executives remain in employment until the shares vest. The maximum value of the awards made to a participant in any year may not exceed 50% of that participant's salary.

Further details on the Plan and the performance criteria used can be found in the Report and Accounts of Alfred McAlpine PLC.

The details of the award made under the Plan to Mr J D Tull are as follows:

	<u>Restricted Share Plan</u>			
	Date of Award	Number of Restricted Shares	Value of Award at 31/12/96	Date of Vesting
J D Tull	3/10/96	15,000	£19,125	3/10/99

(3) Employee costs

Employee costs during the year, including directors, were as follows:	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	3,397,176	3,152,776
Social Security costs	<u>335,871</u>	<u>308,650</u>
	<u>3,733,047</u>	<u>3,461,426</u>

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

6 DIRECTORS AND EMPLOYEES (CONTINUED)

(3) Employee costs (continued)

The average number of employees during the year, including directors, was as follows:

	Number	Number
Production	132	126
Administration and services	<u>46</u>	<u>43</u>
	178	169
	<u>=====</u>	<u>=====</u>

7 TANGIBLE FIXED ASSETS

COST

	Plant and equipment £
At 1 January 1996	24,534,603
Additions	2,436,011
Intra Group transfers	3,769,395
Disposals	<u>(4,837,542)</u>
At 31 December 1996	<u>25,902,467</u>

DEPRECIATION

At 1 January 1996	17,461,193
Charge for the year	1,887,619
Intra Group transfers	2,913,129
Disposals	<u>(3,970,117)</u>
At 31 December 1996	<u>18,291,824</u>

NET BOOK AMOUNT

31 December 1996	<u>7,610,643</u>
31 December 1995	<u>7,073,410</u>

Included in the amounts for plant and equipment above are the following amounts relating to assets held under finance leases:

	£
Cost	
At 31 December 1996	<u>6,171,021</u>
Accumulated Depreciation	
At 31 December 1996	<u>2,534,864</u>

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

8 FIXED ASSET INVESTMENT

	<u>1996</u> £	<u>1995</u> £
Shares in subsidiary undertaking at cost less amounts written off at 1 January and 31 December	100	100

The subsidiary undertaking, Alfred McAlpine Plant (1984) Limited, is a wholly owned, dormant company and is registered in England.

In 1995 the Company purchased and disposed of shares in Alfred McAlpine Mineral Holdings Limited incurring a loss on disposal of £115,900.

9 STOCKS

	<u>1996</u> £	<u>1995</u> £
Plant spares and consumable stores	324,135	282,456
Re-useable equipment	<u>1,506,397</u>	<u>1,154,563</u>
	1,830,532	1,437,019

10 DEBTORS

	<u>1996</u> £	<u>1995</u> £
Trade debtors	4,878,011	3,582,349
Amounts owed by Group undertakings	2,000,231	2,809,279
Prepayments and accrued income	545,331	1,132,461
Other debtors	<u>203,389</u>	<u>399,825</u>
	7,626,962	7,923,914

11 CREDITORS: Amounts falling due within one year

	<u>1996</u> £	<u>1995</u> £
Trade creditors	1,374,601	2,568,394
Obligations under finance leases and hire purchase contracts	1,229,061	1,025,430
Amounts owed to subsidiary undertaking	100	100
Amounts owed to Group undertakings	4,627,524	4,189,321
Accruals and deferred income	603,860	113,641
Corporation tax	377,685	449,277
Other taxation and Social Security	203,290	95,085
Other creditors	<u>27,291</u>	<u>68,257</u>
	8,443,412	8,509,505

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

12 CREDITORS: Amounts falling due after one year

	<u>1996</u> £	<u>1995</u> £
Obligation under finance leases payable within 5 years	2,245,028	2,385,405

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1996</u> £	<u>1995</u> £
Deferred taxation	1,212,969	1,168,893
		£
At 1 January 1996		1,168,893
Provided during the year		44,076
		<u>1,212,969</u>
At 31 December 1996		<u>1,212,969</u>

The amounts of deferred tax provided and unprovided in the accounts are:

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1996</u> £	<u>1995</u> £	<u>1996</u> £	<u>1995</u> £
Accelerated capital allowances	1,200,107	1,168,893	-	-
Other timing differences	12,862	-	-	-
	<u>1,212,969</u>	<u>1,168,893</u>	<u>-</u>	<u>-</u>

14 CALLED UP SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Authorised, allotted and fully paid		
Ordinary shares of £1 each	3,005,000	3,005,000

15 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1996	2,523,392
Profit for the financial year	<u>939,627</u>
At 31 December 1996	<u>3,463,019</u>

ALFRED McALPINE PLANT LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit for the financial year	<u>939,627</u>	<u>1,071,520</u>
Net addition to shareholders' funds	939,627	1,071,520
Opening shareholders' funds	<u>5,528,392</u>	<u>4,456,872</u>
Closing shareholders' funds	<u>6,468,019</u>	<u>5,528,392</u>

17 CAPITAL COMMITMENTS

Capital commitments at 31 December 1996, for which no provision has been made in these accounts are as follows:

	<u>1996</u> £	<u>1995</u> £
Contracted	Nil	634,735

18 OPERATING LEASE COMMITMENTS

The Company has the following annual commitments under operating leases:

	<u>1996</u> £	<u>1995</u> £
Leases expiring within:		
- One year	3,003,583	2,495,187
- Two to five years	<u>4,472,365</u>	<u>5,450,988</u>
	<u>7,475,948</u>	<u>7,946,175</u>

19 PENSION FUNDING

The Company participates in the Alfred McAlpine PLC Retirement Benefits Plant (1973) which is a defined benefits scheme operated by the ultimate parent undertaking, Alfred McAlpine PLC. Contributions are based on pension costs across the Group as a whole. Details of the scheme are provided in the notes to the accounts of Alfred McAlpine PLC. A pension prepayment of £87,000 (1995 - £87,000) is included in amounts owed by Group undertakings.

20 ULTIMATE PARENT UNDERTAKING

Alfred McAlpine PLC, a company registered in England, is the Company's ultimate controlling party and the ultimate parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Alfred McAlpine Construction Holdings Limited, a company registered in England, is the parent undertaking of the smallest group which consolidates these accounts.

Copies of the accounts of Alfred McAlpine PLC may be obtained from the Company Secretary, Alfred McAlpine PLC, 8 Suffolk Street, London SW1Y 4HG.