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Registration number 01050970

Newarthill Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 October 2018

Newarthill Limited

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Newarthill Limited

Company Information

Directors

The Hon. David M McAlpine

Cullum McAlpine

Sir Andrew W McAlpine

Gavin M McAlpine BA, MSc

David S Jenkins FCA

Donald Joyce CA

Robert J W Wotherspoon B.Eng., ACA

Company secretary

Kevin J Pearson BSc , ACA

John Dempsey BA, ACMA, CGMA

Registered office

Eaton Court
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TR
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Newarthill Limited

Strategic Report for the Year Ended 31 October 2018

The Directors present their strategic report for the year ended 31 October 2018

Principal activities

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

The Group is celebrating its 150th anniversary during 2019 and this longevity reflects an ability to understand the needs of clients and wider society, innovating and adapting in response to a changing world. It also speaks to the family culture, the entrepreneurial spirit and the enduring values that run through the Group's businesses.

Fair review of the business

The Group's key financial indicators are turnover and profit before tax and these are:

• Group turnover was £870.5m (2017. £942.5m)
• The profit on ordinary activities before taxation and exceptional items of £21 0m (2017: £16.9m).
• After exceptional items for losses on organisational redesign of the construction business, the impact of closing a defined benefit pension scheme to further accrual and a prepayment penalty incurred when a PPP subsidiary of the Group repaid the entirety of its senior debt earlier than forecast, the Group made a profit before tax of £0 7m (2017. £20.2m Loss after exceptional items for losses on energy from waste projects and the recognition of exceptional group pension scheme liabilities).

Construction

Following the appointment of Paul Hamer as Chief Executive of Sir Robert McAlpine Limited in July 2017 a strategic review was undertaken to best position the Group's construction business for future growth and opportunities This resulted in a new five year strategy launched in 2018 which prioritises:

• Focused, profitable growth
• Trusted client and partner relationships
• A robust and resilient portfolio of work across chosen markets
• Holding industry leading positions in chosen sectors
• A digital transformation by harnessing data and technology to inspire and improve
• Becoming the best place to work.

All of which will support Sir Robert McAlpine Limited's ambition to deliver on its vision of 'Proudly Building Britain's Future Heritage'.

The UK construction market remains highly competitive but despite this backdrop, the Group's construction business has performed well and profits have again increased, albeit construction margins currently remain below its medium-term expectations. During 2018 the Group continued to focus on its cultural change programme aligning all its people behind a clear strategic vision Considering the needs of clients is at the construction business's core and makes sure it delivers optimal value through mutual trust and collaboration. The fundamental commitment to delivering quality, safely, on time, and sustainably are beginning to deliver increased profits.

The Group is proud to have delivered a diverse portfolio of projects for its clients and looking forward remains cautious but optimistic about the construction business's prospects in 2019 as its order book continues to grow year on year

Capital Ventures

There were no movements in the Group's portfolio of PPP investments during the year - all of which are being actively managed and are performing well.

With all of the concessions now in the operational phase, the focus continues to be on the delivery of services through the relevant project companies The service delivery of the two road concessions continues to be provided effectively by the Group's construction business, whilst all of the facilities management services on the other concessions are being delivered by third party contractors.

The activities in this sector continue with limited new activities while the focus has been on adding value to the existing portfolio.

Newarthill Limited

Strategic Report for the Year Ended 31 October 2018

Taxation
The group has a small tax credit of £0 9m (2017 - £0.7m)

Cash and Borrowings
The Group had cash balances of £162.2m (2017· £205 9m) at the year end All the senior loan borrowings of £139.0m (2017 - £177.3m) represented non-recourse debt of which £134 0m (2017 - £172.3m) is in our wholly-owned PPP project companies. The reduction in borrowings and cash is in part due to a PPP subsidiary of the Group repaying the entire £34.2m of its senior debt earlier than expected.

Outlook
The Group continues to have substantial cash balances and with only non-recourse borrowing in its PPP project companies, is well placed to exploit opportunities within both the construction and development sectors as they arise. The Group has no debt facilities that are repayable on demand and the Group is not subject to any debt covenants or other restrictions. The Group will continue to prioritise profitability and risk mitigation over turnover growth

Principal risks and uncertainties
The approach to identification and management of principal risks is integral to the delivery of our strategic objectives. The risk management approach adopted is not designed to eliminate risk entirely, but provides a means to identify, prioritise and manage risks and opportunities in accordance with the Group's risk appetite.

The current principal risks of the Group are

Management of major contracts and bidding risk· the risks that the construction business is exposed to depend on the size and complexity of the project together with the legal form of contract. The business maintains strong risk-based procedures with particular emphasis on the tendering process and change management. There is a formal Risk and Investment Committee which reviews and approves all opportunities.

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

The retention and development of high-quality staff· the availability of skilled resources to match the needs of the industry is vital to the success and effective operation of our Group. An active People strategy is being deployed addressing, amongst other things, our employee proposition, engagement, succession planning and inclusion

Defined Benefit Pension Scheme: the Group maintains two defined benefit pension schemes, both of which have a deficit for which robust recovery plans are in place – see note 23 The Group closed the larger of the two schemes to new entrants and future accrual in the latter part of 2017.

Macroeconomic and geopolitical changes: the ongoing uncertainty in the market as a result of Brexit, its potential impact on labour availability and the risk of increased costs due to currency fluctuations, is a concern for the industry as a whole. During this period, we have applied significant effort to build a Brexit mitigation plan to offset any potential detrimental impact that may occur. The business monitors and reviews this and other macroeconomic and geopolitical risks on a regular basis

Health and safety incident: the Group is involved in activities that have the potential to result in personal or environmental harm, operational loss, regulatory, legal or financial penalties, and/or reputational loss. The Group has a primary focus on health and safety and continues to invest in the functional leadership, management policies and procedures.

Interest rate and financial instrument risks: The Group carries no significant debt other than non-recourse borrowing in project companies. Interest rate risk in those project companies is managed by interest rate swaps or fixed rate borrowing

Newarthill Limited

Strategic Report for the Year Ended 31 October 2018

Treasury risk management: Foreign currency exposure in trading activities is mitigated by entering into forward exchange rate contracts. The Group reviews its cash and investments on a regular basis.

Competition: the sectors in which the Group operates are highly competitive and operate on low margins Failure to compete effectively and evolve to clients' needs increases the risk of losing market share and the future viability of the business. The business continually monitors the sectors in which the Group operates, pursing opportunities in which competitive advantages exist In addition, our key account client focus ensures we adapt, in an agile manner, to their needs

Robust and secure systems environment where data is protected there is a risk that the loss of key systems or data through a lack of resilience could have a material impact on the operations of the Group The Group has robust security protocols embedded in its current IT environment, which are periodically stress tested internally and by third parties.

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

Approved by the Board on 14/6/19 and signed on its behalf by.

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Cullum McAlpine
Director

Newarthill Limited

Directors' Report for the Year Ended 31 October 2018

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 October 2018.

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

The Hon. David M McAlpine

Cullum McAlpine

Sir Andrew W McAlpine

Gavin M McAlpine BA, MSc (resigned 31 December 2018)

David S Jenkins FCA

Donald Joyce CA

Miles C Shelley BA, ACA (resigned 31 October 2018)

Robert J W Wotherspoon B.Eng., ACA (appointed 31 October 2018)

Dividends
No interim dividends were paid during the year (2017: £nil) The Directors do not recommend payment of a final dividend

Financial instruments

Objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives to manage these risks is governed by the Group's policies approved by the board of Directors. The Group does not use derivative financial instruments for speculative purposes

Price risk, credit risk, liquidity risk and cash flow risk

The Group's principal risks and uncertainties are included in the Strategic Report.

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

It is also Group policy that there should be equal opportunities in the area of employment without discrimination. Employees are treated equally and fairly, and selection for training, promotion, career progression and other benefits is taken solely on merit and ability to perform against role profiles

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

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

Going concern

The Group has considerable financial resources and carries only non-recourse debt. The core construction operations of the Group are characterised by long term contracts and the level of activity in relation to these is secure into the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Directors' liabilities

Third party indemnity provisions made by the Company were in force during the year for the benefit of the Directors of the Company and the Directors of the Company's subsidiaries.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on 14/6/19 and signed on its behalf by:

Kevin J Pearson BSc , ACA
Company secretary

Newarthill Limited

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Newarthill Limited

Independent Auditor's Report to the Members of Newarthill Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Newarthill Limited (the 'parent company') and its subsidiaries (the 'group'):
• give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2018 and of the group's profit for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
• *have been prepared in accordance with the requirements of the Companies Act 2006*

We have audited the financial statements which comprise,
• the consolidated profit and loss account;
• the consolidated statement of comprehensive income;
• the consolidated and parent company balance sheets;
• the consolidated and parent company statements of changes in equity,
• the consolidated cash flow statement; and
• the related notes 1 to 32.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Newarthill Limited

Independent Auditor's Report to the Members of Newarthill Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters

Newarthill Limited

Independent Auditor's Report to the Members of Newarthill Limited

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

Matthew Hall

Matthew Hall, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London, United Kingdom

Date: 14 June 2019

Newarthill Limited

Consolidated Profit and Loss Account for the Year Ended 31 October 2018

	Note	Before exceptional items 2018 £ 000	Exceptional items 2018 £ 000	2018 £ 000	Before exceptional items 2017 £ 000	Exceptional items 2017 £ 000	2017 £ 000
Turnover	3	867,681	2,822	870,503	880,198	62,301	942,499
Cost of sales		(816,044)	(2,822)	(818,866)	(834,606)	(99,421)	(934,027)
Gross profit/(loss)		51,637	-	51,637	45,592	(37,120)	8,472
Administrative expenses		(29,532)	(15,280)	(44,812)	(30,769)	-	(30,769)
Other operating (losses)/gains	4	(505)	-	(505)	5,216	-	5,216
Operating profit/(loss)	5	21,600	(15,280)	6,320	20,039	(37,120)	(17,081)
Gain/(loss) on financial assets at fair value through profit and loss account		402	-	402	(1,746)	-	(1,746)
Interest receivable and similar income	7	2,826	-	2,826	6,016	-	6,016
Amounts written back/(off) investments		420	-	420	(1,430)	-	(1,430)
Interest payable and similar charges	8	(13,762)	(5,050)	(18,812)	(17,245)	-	(17,245)
		(10,114)	(5,050)	(15,164)	(14,405)	-	(14,405)
Share of profit of equity accounted investees	16	9,504	-	9,504	11,266	-	11,266
Profit/(loss) before tax		20,990	(20,330)	660	16,900	(37,120)	(20,220)
Taxation	12	917	-	917	667	-	667
Profit/(loss) for the financial year		21,907	(20,330)	1,577	17,567	(37,120)	(19,553)

The above results were derived from continuing operations

Newarthill Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 October 2018

	2018 £ 000	2017 £ 000
Statutory profit/(loss) for the financial year	1,577	(19,553)
Unrealised loss on cash flow hedges	2,902	82
Foreign currency translation gains/(losses)	1,611	(7,568)
Remeasurement gain/(loss) on defined benefit pension and post-retirement medical schemes net of deferred tax	(754)	37,361
	3,759	29,875
Total comprehensive income for the year	5,336	10,322
Total comprehensive income attributable to:		
Equity shareholders of the company	5,336	10,322

Newarthill Limited

(Registration number: 01050970)
Consolidated Balance Sheet as at 31 October 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	13	4,744	5,729
Tangible assets	14	42,638	35,966
Investment properties	15	22,519	20,366
Investments	16	50,195	44,360
Other financial assets	17	28,501	27,614
		148,597	134,035
Current assets			
Stocks	18	57,398	59,272
Debtors due in less than one year	19	185,253	199,627
Debtors due in more than one year	19	179,327	182,183
Cash at bank and in hand	20	162,179	205,893
		584,157	646,975
Creditors Amounts falling due within one year	21	(311,892)	(323,780)
Net current assets		272,265	323,195
Total assets less current liabilities		420,862	457,230
Creditors: Amounts falling due after more than one year	21	(206,180)	(242,064)
Provisions for liabilities	22	(13,922)	(28,547)
Net assets excluding employee benefits liabilities		200,760	186,619
Pension and other schemes	23	(123,486)	(114,681)
Net assets		77,274	71,938
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve	25	15,171	15,171
Other reserves	25	990	(2,932)
Profit and loss account	25	54,009	52,595
Total equity		77,274	71,938

Approved and authorised by the Board on 14/6/19 and signed on its behalf by:

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Cullum McAlpine

Director

The notes on pages 19 to 58 form an integral part of these financial statements.

Newarthill Limited

(Registration number: 01050970)
Company Balance Sheet as at 31 October 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	16	132,527	132,880
Current assets			
Debtors due in less than one year	19	33,769	129,607
Debtors due in more than one year	19	18,906	17,376
Cash at bank and in hand	20	2,177	10,338
		54,852	157,321
Creditors. Amounts falling due within one year	21	(46,351)	(132,818)
Net current assets		8,501	24,503
Total assets less current liabilities		141,028	157,383
Provisions for liabilities	22	(62)	(62)
Net assets **excluding pension schemes liability**		140,966	157,321
Pension schemes	23	(118,062)	(109,098)
Net assets		22,904	48,223
Capital and reserves			
Called up share capital	24	7,104	7,104
Capital redemption reserve	25	15,171	15,171
Profit and loss account	25	629	25,948
Total equity		22,904	48,223

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the Company is presented. The Company made a loss after tax for the financial year of £25,139,000 (2017 - loss of £14,842,000).

Approved and authorised by the Board on 14/6/19 and signed on its behalf by:

Cullum McAlpine

Director

The notes on pages 19 to 58 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 October 2018
Equity attributable to the parent company

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2017	7,104	15,171	(2,932)	52,595	71,938
Profit for the financial year	-	-	-	1,577	1,577
Other comprehensive income/(loss) (see note 25)	-	-	3,763	(4)	3,759
Total comprehensive income	-	-	3,763	1,573	5,336
Transfers	-	-	159	(159)	-
At 31 October 2018	7,104	15,171	990	54,009	77,274

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2016	7,104	15,171	4,419	34,922	61,616
Loss for the financial year	-	-	-	(19,553)	(19,553)
Other comprehensive (loss)/income (see note 25)	-	-	(7,351)	37,226	29,875
Total comprehensive (loss)/income	-	-	(7,351)	17,673	10,322
At 31 October 2017	7,104	15,171	(2,932)	52,595	71,938

Newarthill Limited

Company Statement of Changes in Equity for the Year Ended 31 October 2018

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2017	7,104	15,171	25,948	48,223
Loss for the financial year		-	(25,139)	(25,139)
Other comprehensive income (see note 25)	-		(180)	(180)
Total comprehensive income	-	-	(25,319)	(25,319)
At 31 October 2018	7,104	15,171	629	22,904

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

Newarthill Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Profit/(loss) for the financial year		1,577	(19,553)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	9,716	8,218
Financial instrument net gains through profit and loss		2,902	-
Profit on disposal of property, plant and equipment	5	(369)	(542)
Loss from sales of investment properties		884	-
Profit/(loss) from revaluations of investment properties		1,564	(4,666)
Loss/(profit) from disposals of investments		(10)	(8)
Finance income	7	(2,826)	(6,016)
Finance costs		18,812	18,675
Amounts written off investments		(420)	-
Share of profit of equity accounted investees		(9,504)	(11,266)
Taxation	12	(917)	(667)
		21,409	(15,825)
Working capital adjustments			
Decrease/(increase) in stocks		1,732	(930)
Decrease/(increase) in debtors		20,273	(21,710)
(Decrease)/increase in creditors		(23,376)	25,039
Increase/(decrease) in retirement and employee benefit obligations net of actuarial changes	23	5,602	(5,686)
(Decrease)/increase in provisions		(14,565)	19,565
Increase/(decrease) in deferred income		9,884	(5,867)
Cash from/(used in) operations		20,959	(5,414)
Corporation tax paid		(148)	-
Net cash from/(used in) operating activities		20,811	(5,414)
Cash flows from investing activities			
Interest and dividends received		2,061	8,917
Acquisition of tangible assets		(10,934)	(5,083)
Proceeds from sale of tangible assets		885	990
Acquisition of investment properties	15	(3,797)	(939)
Proceeds from sale of investment properties		2,466	1,122
Proceeds from sale of listed and unlisted securities		10	789
Cash receipts from repayment of loans, classified as investing activities	16	1,484	4,596
Advances of loans, classified as investing activities	16	(1,929)	(661)
Acquisitions of investments in joint ventures and associates	16	(579)	-
Proceeds from sale of investments in joint ventures and associates		1	7
Net cash (used in)/from investing activities		(10,332)	9,738

Newarthill Limited

Consolidated Statement of Cash Flows for the Year Ended 31 October 2018

	2018 £ 000	2017 £ 000
Cash flows from financing activities		
Interest paid	(15,058)	(12,706)
Repayment of other borrowing	(38,306)	(6,671)
Payments to finance lease creditors	(2,521)	(1,842)
Net cash used in financing activities	(55,885)	(21,219)
Net decrease in cash and cash equivalents	(45,406)	(16,895)
Cash and cash equivalents at the start of the year	205,893	224,108
Effect of exchange rate fluctuations on cash held	1,692	(1,320)
Cash and cash equivalents at the end of the year	162,179	205,893

1 General information

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

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

2 Accounting policies

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

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

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

Qualifying entity exemptions
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

Statement of cash flows
The Company has taken advantage of the exemption available from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

Financial instruments disclosure
The Company has taken advantage of the exemption available from the financial instruments disclosure, required under FRS 102 paragraphs 11 39 to 11.48A and paragraphs 12 26 to 12 29, as the information is provided in the consolidated financial statements disclosures.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company, its joint ventures and its subsidiary undertakings drawn up to 31 October 2018

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are included within amounts owed by and due to related parties, are eliminated in full

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non controlling shareholder's share of changes in equity since the date of the combination

Investments in joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of profit/(loss) after tax based on the latest financial statements and management accounts. In the consolidated balance sheet, the investments are shown as the Group's share of assets and liabilities.

Associates

In the Group financial statements, investments in associates are accounted for using the equity method.

Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life using the straight-line method.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the associate

Business combinations

Business combinations are accounted for using the purchase method The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired entity, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group is set out in the Group balance sheet and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 20 and 26 to the financial statements. A description of the Group's management of interest rate risk and treasury risk are set out in the Strategic Report.

The Group has considerable financial resources and carries no significant debt other than non-recourse borrowing in project companies. The core construction operations of the Group are characterised by long-term contracts and the level of activity in relation to these contracts is secure into the foreseeable future. As a consequence, the Directors believe that the Group will be able to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Critical accounting judgements and key sources of estimation uncertainty
In the process of applying the Group's accounting policies the Directors make certain judgements and estimates that impact the amounts recognised in the financial statements Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical areas of accounting judgement are:

The classification for investment properties: Investment properties are classified as such where the Group identifies land and buildings which it holds to generate capital appreciation and/or to earn rental income as investment property

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

Significant areas of estimation uncertainty are:

Turnover: The turnover policy, described below, requires forecasts to be made of the outcomes of long-term construction contracts, which require assessments and estimates to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, defects liabilities and changes in costs There are several long-term construction contracts where the Group has incorporated significant estimates over contractual entitlements. The range of potential outcomes could result in a positive or negative change to underlying profitability and cash flow.

PPP service concessions Accounting for the service concession contracts and financial assets requires an estimation of service margins, which are based on forecasted revenues and costs of the PPP contracts

Taxation The Group is subject to tax and estimates are required in determining the provision for income taxes The Group provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures. This may involve a significant amount of estimates as tax legislation can be complex and open to different interpretation in particular in relation to the basis of taxation on one-off or unusual transactions. Management uses both in-house and external tax experts and previous experience when assessing tax risks. These judgements are prone to changes in future periods. Each potential liability or contingency is revisited annually, and where actual expected tax liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's profit for the year.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will arise against which the temporary differences will be utilised. Management estimates are required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits.

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

Debtors: A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Provisions. Provisions (see note 22) are made for expected future losses on incomplete contracts These provisions require management's best estimate of the costs that will be required to complete contracts based on contractual requirements. It is impracticable to estimate the timing of the utilisation of the future losses and discounting, unless material, has not been applied.

Retirement benefit obligations: The Group has defined benefit pension scheme obligations (see note 23) to pay pension benefits to the schemes' members. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends and take into account the advice of a qualified actuary.

Exceptional items

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

Turnover

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

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

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

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

Cost of sales

These comprise the direct costs of the work carried out during the year and include any provisions for expected future losses and contingencies on contracts.

Foreign currency transactions and balances

Transactions of United Kingdom based companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The exchange movements are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange. The differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken directly to reserves.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill amortisation

Goodwill is amortised over its useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding twenty years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Tangible assets

Tangible assets are stated at cost, less any accumulated depreciation and accumulated impairment losses

The cost of tangible assets includes directly attributable costs incurred during acquisition and installation, other than interest, which is written off to the profit and loss account

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	straight line on cost between 3.33% and 10% per annum.
Furniture, fittings and equipment	straight line on cost or reducing balance between 5% and 60% per annum
Property, plant and equipment	reducing balance between 5% and 60% per annum.

Investment properties

Investment properties are carried at their fair values based upon the current market prices for comparable real estate and are determined annually. Valuations consider available market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

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

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

Stocks

Raw materials and consumables are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

The cost of work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the work to its present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognised immediately in profit or loss.

Long-term contract balances represent costs incurred net of amounts transferred to cost of sales less any foreseeable losses.

Properties held for development and sale are stated at the lower of cost and net realisable value. The costs consist of construction costs and other costs specifically related to the development other than interest, which is written off in profit or loss.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.
Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand, call deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation at the reporting date as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Leases

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

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

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

Share capital

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

Dividends

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

Defined contribution pension obligation

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

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

Defined benefit pension obligation

The Group operates two defined benefit pension schemes whereby a member will receive a pension benefit on retirement, usually dependent on one or more factors such as years of service and remuneration

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is measured using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields on high-quality corporate bonds at the reporting date that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise

Financial instruments

Classification

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Recognition and measurement

Basic financial assets, including trade and other receivables, cash and bank balances and investments in short-term deposits, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest Such assets are subsequently carried at amortised costs using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment

Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, Senior loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Fees paid on the establishment of Senior loan facilities are recognised at transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year otherwise they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are de-recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires

Impairment
At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derivative financial instruments and hedging

Derivatives
Derivatives, including interest rate swaps, inflation swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within finance costs or finance income as appropriate, unless they are included in a hedging arrangement

Hedging
The Group applies hedge accounting for transactions entered into in order to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designed as cash flow hedges of floating rate borrowings

Changes in fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in profit or loss.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends Hedge accounting is discounted when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is de-recognised or the hedging instrument is terminated.

3 Turnover

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

	2018 £ 000	2017 £ 000
Contracting	814,463	897,704
PPP concessions	49,950	39,868
Property	6,090	4,927
	870,503	942,499

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

	2018 £ 000	2017 £ 000
United Kingdom	824,730	895,462
Caribbean	45,773	47,037
	870,503	942,499

4 Other operating (losses)/ gains

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

	2018 £ 000	2017 £ 000
Gain on disposal of property, plant and equipment	369	542
Gain on revaluations of investment properties	-	4,666
Loss on disposal of investment properties	(884)	-
Gain on disposal of investments	10	8
	(505)	5,216

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Amortisation expense (see note 13)	985	984
Depreciation expense (see note 14)	8,731	7,234
Impairment reversal (see note 17)	(887)	(469)
Operating lease expense - property	4,153	4,550
Operating lease expense - plant and machinery	6,325	7,523
Profit on disposal of property, plant and equipment	(369)	(542)

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

6 Exceptional items

The results for the year include the following which are considered to be Exceptional items based on their size or non-recurring nature.

Included within Administrative Expenses are costs incurred as a result of the following:

• An operational redesign of the construction business incurred costs of £3.8m

• On 30th November 2017, the decision was made to close the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme to future accrual, incurring one off costs of £9.9m (after 10% deduction relating to the allocation to RES)

• We have worked with our actuarial advisers to understand the implications of the Lloyds GMP judgement for the schemes in which the group participates and a cost of £1 6m reflects our best estimate of the effect on our reported pension liabilities.

Included within Interest Payable and similar charges are costs of £5 05m incurred when a PPP subsidiary of the Group repaid the entirety of its senior debt.

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

7 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on investments	1,210	1,206
Bank interest receivable and similar income	851	2,783
Net gain on derivative	-	861
Foreign exchange gains	765	1,166
	2,826	6,016

8 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Interest on bank loans and other borrowings	14,559	12,368
Interest on obligations under finance leases and hire purchase contracts	499	338
Foreign exchange losses	193	577
Net loss on derivative	380	-
Net interest expense on employee benefit liabilities	3,181	3,962
	18,812	17,245

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

9 Staff costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	138,322	132,057
Social security costs	14,385	14,574
Pension costs, defined contribution scheme	5,698	4,435
Pension costs, defined benefit scheme	279	3,684
	158,684	154,750

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

	2018 No.	2017 No.
Average number employed in construction services during the year	2,182	2,209

The average number of employees of the Company during the year was 25 (2017 6)

10 Directors' remuneration

The Directors' remuneration for the year was as follows

	2018 £ 000	2017 £ 000
Remuneration	4,574	2,410

Key management personnel compensation in both the current and prior year consists only of Directors' remuneration

During the year the number of Directors who were receiving benefits was as follows:

	2018 No.	2017 No.
Accruing benefits under defined benefit pension scheme	2	2

No directors (2017 - none) were members of defined contribution schemes

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	800	554

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

11 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of Parent Company	35	30
Audit of the financial statements of subsidiaries of the Company pursuant to legislation	329	280
	364	310

Other fees to auditor

Fees in respect of the audit of the associated pension schemes	23	23

12 Taxation

Tax credited in the profit and loss account

	2018 £ 000	2017 £ 000
Current taxation		
United Kingdom corporation tax	161	145
United Kingdom corporation tax adjustment to prior periods	(163)	231
	(2)	376
Foreign tax	32	-
Total current tax	30	376
Deferred taxation		
Arising from origination and reversal of timing differences	(947)	(1,043)
Total tax credited	(917)	(667)

The differences between the total tax credit shown above and the amount calculated by applying the standard (blended) rate of United Kingdom corporation tax of 19.00% (2017 - 19.41%) to the profit/(loss) before tax are as follows:

	2018 £ 000	2017 £ 000
Profit/(loss) before tax	660	(20,220)
Corporation tax at standard rate	125	(3,925)
Income not taxable in determining taxable profit	(4,423)	(4,375)
Expenses not deductible for tax purposes	2,806	707
Group relief received for nil consideration	(47)	-
Remeasurement of deferred tax assets and liabilities due to changes in United Kingdom tax rate	751	276
Change in unrecognised deferred tax assets	37	6,894
Utilisation of tax losses not previously recognised	(3)	(475)
Adjustments to tax charge in respect of previous periods	(163)	231
Total tax credit	(917)	(667)

Deferred tax

Group

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

2018	Asset £ 000	Liability £ 000
Depreciation in excess of capital allowances	34	-
Short term timing differences	220	8,107
Losses	12,610	-
Revaluation of investment property	-	753
Retirement benefit obligations	21,208	-
	34,072	8,860

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

It is expected that £2,918,000 (2017 - £3,501,000) of the deferred tax assets and £650,000 (2017 - £650,000) of the deferred tax liabilities will reverse during the next year.

There are no unrecognised deferred tax liabilities (2017 - £Nil)

There are £33,094,000 (2017 - £33,726,000) of unrecognised deferred tax assets These are analysed as follows:

	2018 £ 000	2017 £ 000
Accelerated capital allowances	4,799	3,930
Losses	27,097	27,682
Short term timing differences	1,198	2,114
	33,094	33,726

Company

Deferred tax assets (see note 19)

Deferred tax assets of £20,274,000 have been recognised in respect of retirement benefit obligations (2017 - £18,894,000 in respect of retirement benefit obligations)

There are £1,524,000 (2017 - £1,932,000) of unrecognised deferred tax assets These are analysed as follows:

	2018 £ 000	2017 £ 000
Accelerated capital allowances	12	12
Short term timing differences	474	768
Losses	1,038	1,152
	1,524	1,932

The United Kingdom Corporation Tax fell from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 proposed a further reduction to the corporation tax main rate to 17% with effect from 1 April 2020. The Finance Act 2016 was enacted on 15 September 2016.

13 Intangible assets

Group

	Goodwill £ 000
Cost	
At 1 November 2017	19,585
At 31 October 2018	19,585
Amortisation	
At 1 November 2017	13,856
Amortisation charge	985
At 31 October 2018	14,841
Carrying amount	
At 31 October 2018	4,744
At 31 October 2017	5,729

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

No research and development costs were capitalised during the year (2017 - £Nil) The aggregate amount of research and development expenditure, in the field of civil engineering and construction, recognised as an expense during the year was £9.5m (2017 - £9.8m)

Company

The company had no intangible assets at 31 October 2018 (2017 - £Nil).

No research and development costs were capitalised during the year (2017 - £Nil) and no research and development costs were expensed during the year (2017 - £Nil).

14 Tangible assets

Group

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Property, plant and equipment £ 000	Total £ 000
Cost				
At 1 November 2017	25,720	18,299	46,640	90,659
Additions	-	1,119	14,658	15,777
Disposals	(135)	(883)	(3,550)	(4,568)
Foreign exchange movements	97	-	218	315
At 31 October 2018	25,682	18,535	57,966	102,183
Depreciation				
At 1 November 2017	11,331	14,227	29,135	54,693
Charge for the year	668	1,600	6,463	8,731
Eliminated on disposal	(90)	(823)	(3,139)	(4,052)
Foreign exchange movements	19	-	154	173
At 31 October 2018	11,928	15,004	32,613	59,545
Carrying amount				
At 31 October 2018	13,754	3,531	25,353	42,638
At 31 October 2017	14,389	4,072	17,505	35,966

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

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts

	2018 £ 000	2017 £ 000
Property, plant and equipment	6,325	7,573

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

15 Investment properties

Group

	£ 000
At 1 November 2017	20,366
Additions	3,797
Disposals	(3,350)
Transfers from inventories	142
Fair value adjustments	1,564
At 31 October 2018	22,519

All investment properties are freehold. The comparable historical cost of the investment properties is £13.456m (2017 - £14 207m) and the comparable historical depreciation of the investment properties is £1.494m (2017 - £1.407m).

The wholly-owned investment properties, which are situated in the United Kingdom and the United States of America, were revalued by the Directors based upon internal recommendations made by qualified Chartered Surveyors and based on market values in both the current year and prior year.

In respect of £18 750m (2017 - £13 389m) of freehold investment properties there is in existence a fixed and floating charge and the remittance of rental income on these investment properties has been pledged as security.

16 Investments

Group

	2017 £ 000	2017 £ 000
Investments in joint ventures (see note 16a)	50,073	44,140
Investments in associates (see note 16b)	122	220
	50,195	44,360

16a Investments in joint ventures

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

Cost and carrying amount	*Equity* £ 000	*Loans* £ 000	*Total* £ 000
At 1 November 2017	27,378	16,762	44,140
Profit for the year	9,589	-	9,589
Dividends paid	(5,049)	-	(5,049)
Additions	579	-	579
Disposals	(1)	-	(1)
Increase in loans	-	1,929	1,929
Repayments	-	(1,484)	(1,484)
Exchange rate adjustments	390	(20)	370
At 31 October 2018	32,886	17,187	50.073

See note 32 for a list of joint ventures of the Group

16b Investments in associates

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

Cost and carrying amount	Equity £ 000	Loans £ 000	Total £ 000
At 1 November 2017	220	-	220
Loss for the year	(85)	-	(85)
Dividends	(13)	-	(13)
At 31 October 2018	122	-	122

See note 32 for a list of associates of the Group

Company

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

	£ 000
Cost	
At 1 November 2017 and 31 October 2018	135,008
Provision	
At 1 November 2017	2,128
Provision	353
At 31 October 2018	2,481
Carrying amount	
At 31 October 2018	132,527
At 31 October 2017	132,880

See note 32 for a list of subsidiary undertakings of the Company.

17 Other financial assets

Group	**Unlisted securities**	**Loans**	**Total**
Cost	**£ 000**	**£ 000**	**£ 000**
At 1 November 2017 & 31 October 2018	12,403	16,102	28,505
Provisions			
At 1 November 2017	979	(88)	891
Impairment provisions (released)/made in the year	(979)	92	(887)
At 31 October 2018	-	4	4
Carrying amount			
At 31 October 2018	12,403	16,098	28,501
At 31 October 2017	11,424	16,190	27,614

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

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

18 Stocks

	Group	
	2018 £ 000	2017 £ 000
Raw materials and consumables	498	525
WIP and long-term contract balances	875	676
Properties held for development and sale	56,025	58,071
	57,398	59,272

19 Debtors

	Group		Company	
Due in less than one year:	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Trade debtors	16,700	8,935	-	-
Financial assets	5,018	2,520	-	-
Amounts owed by related parties	-	-	32,047	127,441
Other debtors	18,253	30,592	-	242
Prepayments	14,308	13,925	354	406
Gross amount due from customers for contract work	126,576	138,792	-	-
Deferred tax assets (see note 12)	2,918	3,501	1,368	1,518
Corporation tax asset	1,480	1,362	-	-
	185,253	199,627	33,769	129,607

	Group		Company	
Due in more than one year:	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Financial assets	121,576	125,176	-	-
Other debtors	4,427	5,364	-	-
Gross amount due from customers for contract work	22,170	21,515		-
Deferred tax assets (see note 12)	31,154	30,128	18,906	17,376
	179,327	182,183	18,906	17,376

Amounts owed by related parties, which include subsidiaries and associated undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand, except for those items disclosed in note 30

20 Cash at bank and in hand

	Group		Company	
	2018	2017	2018	2017
	£ 000	£ 000	£ 000	£ 000
Cash at bank	138,991	122,387	2,177	10,338
Short-term deposits	23,188	83,506	-	-
	162,179	205,893	2,177	10,338

Group

Short-term deposits held by the Group have an original maturity of 12 months or less. At the balance sheet date the average maturity of deposits was 3 months (2017 - 8 months). The average interest rate was 0.95% (2017 - 0.49%) They are measured at amortised cost.

Within the Group figures for short-term deposits is £17,992,000 (2017 - £73,850,000) and within cash at bank is £18,783,000 (2017 - £19,308,000) held under terms which are currently restrictive These are held primarily by PPP Special Purpose Vehicles in both the current and prior years.

Company

The Company had no short-term deposits (2017 - £nil) and the Company had no cash at bank held under terms which are currently restrictive (2017 - £nil).

21 Creditors

	Group		Company	
	2018	2017	2018	2017
	£ 000	£ 000	£ 000	£ 000
Due within one year				
Loans and borrowings (see note 26)	8,629	10,306	-	-
Trade creditors	202,670	223,781	-	-
Amounts due to related parties	-	-	46,062	132,664
Social security and other taxes	5,779	5,407	38	12
Other payables	4,926	7,395	-	1
Accrued expenses	33,943	31,507	251	141
Deferred income	55,945	45,384	-	-
	311,892	323,780	46,351	132,818
Due after one year				
Loans and borrowings (see note 26)	139,914	174,221	-	-
Trade creditors	14,752	13,021	-	-
Other payables	16,012	18,643	-	-
Deferred income	35,502	36,179	-	-
	206,180	242,064	-	-

Amounts due to related parties, which include subsidiaries and associated undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand, except for those items disclosed in note 29.

22 Provisions for liabilities

Group

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 1 November 2017	8,920	19,627	28,547
Additional provisions	-	5,000	5,000
Provisions utilised	(60)	(19,565)	(19,625)
At 31 October 2018	8,860	5,062	13,922

See note 12 for a breakdown of the deferred tax liabilities.

Other provisions include provisions for insurance and legal claims all of which are incurred in the normal course of business It is impracticable to estimate the timing of the utilisation of future losses All amounts included within provisions have not been discounted.

Company

	Other provisions £ 000
At 1 November 2017	62
At 31 October 2018	62

Other provisions relate to compensation arrangements

It is impracticable to estimate the timing of the compensation arrangements All amounts included within provisions have not been discounted

23 Pension and other schemes

Defined contribution pension schemes

Group
A subsidiary of the Group operates two defined contribution pension schemes where employee contributions are matched by company contributions. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £5,436,000 (2017 - £4,435,000). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2017 - £Nil).

Defined benefit pension and other schemes

Group and Company
Newarthill Limited operates two defined benefit schemes - a staff scheme (The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme) and a senior executive scheme. The staff scheme has been closed to new members since 2002. On 30 November 2017, this scheme ceased accruing future benefits and all active members were transferred to the defined contribution scheme and became deferred members incurring one off costs of £9 9m after the 10% deduction allocated to RES.

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

Group 2018	Staff scheme £ 000	Executive scheme £ 000	Post-retirement medical scheme £ 000	Total £ 000
Total liability	123,708	6,726	5,424	135,858
Allocated outside of the Group	(12,372)	-	-	(12,372)
	111,336	6,726	5,424	123,486

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

Company 2018	Staff scheme £ 000	Executive scheme £ 000	Total £ 000
Total liability	123,708	6,726	130,434
Allocated outside of the Group	(12,372)	-	(12,372)
	111,336	6,726	118,062

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

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme

Benefits are based upon pensionable pay Until 31 December 2012, pensionable pay increased annually although this was capped dependent on a variety of factors Any difference between actual salary and pensionable pay was paid into a defined contribution fund. From 1 January 2013, the pensionable pay was frozen and contributions based on this frozen element with the difference continuing to be paid into the defined contribution fund Depending on the level of contribution being made by the member, their final pension is based either on this frozen pensionable pay figure or will increase over time - dependent on a variety of factors. Employee contributions were matched by the employer. The assets of the scheme are held separately from those of the Group The pension costs are assessed in accordance with the advice of an external, qualified actuary using the projected unit method Total contributions (employer and employee) made during the year were £8,261,000 (2017 - £11,710,000) Included within the contributions is an additional payment of £8,000,000 made by the employer as agreed in the Recovery Plan following the 2015 valuation (2017 - £8,000,000 additional payment by the employer).

The date of the most recent comprehensive actuarial valuation was 31 October 2015. The pension cost relating to the scheme is assessed in accordance with the advice of an external, qualified actuary using the projected unit method. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions The post-retirement rate of return uses the gilt yield curve +1 0% and the pre-retirement rate of return uses the gilt yield curve +2.25% Salary increases are assumed to be 2 0% per annum and pension increases range between 2 5% and 5 0% depending on when the benefit was accrued. At the date of the latest actuarial valuation, the valuation showed a net deficit of £107.6m, with the market value of the scheme's investments amounting to £372 0m which was sufficient to cover 78% of the benefits that had accrued to members. The scheme has been closed to new entrants and under the projected unit method the current service cost will increase as the members approach retirement. Following cessation, this is no longer the case and accrued service costs are no longer applicable

The total cost (before deduction of costs allocated outside of the Group) relating to the defined benefit scheme for the year recognised in profit or loss as an expense, including exceptional items, was £17,588,000 (2017 - £8,243,000)

The total cost relating to the defined benefit scheme for the year included in the cost of an asset was £Nil (2017 - £Nil)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amount included in the balance sheet arising from the Group's obligations in respect of its staff defined benefit scheme is as follows

	2018 **£ 000**	**2017** **£ 000**
Fair value of scheme assets	429,360	444,616
Present value of defined benefit obligation	(553,068)	(561,738)
Net liability recognised in the balance sheet	(123,708)	(117,122)

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

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	£ 000
Present value at 1 November 2017	561,738
Current service cost	1,592
Past service cost – curtailment costs	11,009
GMP Equalisation costs	1,725
Interest cost	15,572
Actuarial gains and losses	(15,187)
Benefits paid	(23,665)
Contributions by scheme participants	284
Present value at 31 October 2018	553,068

Fair value of scheme assets

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

	£ 000
Fair value at 1 November 2017	444,616
Interest income	12,310
Return on plan assets, excluding amounts included in interest income/(expense)	(12,469)
Employer contributions	8,284
Contributions by scheme participants	284
Assets distributed on settlements	(23,665)
Fair value at 31 October 2018	429,360

Analysis of assets

The major categories of scheme assets are as follows:

	2018 £ 000	2017 £ 000
Cash and cash equivalents	134,390	112,684
Equity instruments	181,619	264,411
Debt instruments	113,351	67,521
	429,360	444,616

Return on scheme assets

	2018 £ 000	2017 £ 000
Return on scheme assets	(12,469)	7,194

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group except for the two investments described below.

The entity's own financial instruments included in the fair value of scheme assets are as follows:

28% of the ordinary shares in Paget Health Services (Holdings) Limited are held by the pension scheme and the fair value of its investment at 31 October 2018 was £13,229,000 (2017 - £12,607,000). 2.125% of the ordinary shares in Autolink Holdings (M6) Limited are held by the pension scheme and the fair value of its investment at 31 October 2018 was £606,000 (2017 - £851,000).

Principal actuarial assumptions

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

	2018 %	2017 %
Discount rate	2.90	2 80
Retail Price Index (RPI) inflation	3 20	3.10
Consumer Price Index (CPI) inflation	2.10	2 00
Rate of increase in salaries	2.50	2.50
Rate of increase in pension payments	2.50 - 3.50	2 50 - 3 40

Post retirement mortality assumptions

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	22.10	22 20
Current UK pensioners at retirement age - female	23.40	23.60
Future UK pensioners at retirement age - male	24 10	24.20
Future UK pensioners at retirement age - female	25 60	25.60

Plans that share risks between entities under common control

Newarthill Group shares the risks of the Scheme with Renewable Energy Systems Holdings Limited - an entity formerly held within the Newarthill Group but now separate although under common control

The Scheme's deficit is shared between the Newarthill Group and the Renewable Energy Systems Holdings Limited Group Newarthill Group recognises 90% of the costs and liabilities of the Scheme and Renewable Energy Systems Holdings Limited Group recognises 10% The figures shown in this note represent the total scheme liability although movements and balances within the financial statements only recognise the 90% allocated to the Newarthill Group

Contributions were based on a percentage of a member's pensionable salary which were matched by the employer. Additional contributions of £8.0m (2017 - £8.0m) have been made by the employer. Additional employer payments will continue in 2019 in line with the Recovery Plan and these will be shared in the same percentage ratio as noted above.

Executive Pension Scheme

The Group operates a separate defined benefit scheme for senior executives. The assets of the scheme are held separately from those of the Company. The pension cost relating to the scheme is assessed in accordance with the advice of an external, qualified actuary using the projected unit method Actual contributions made were £671,000 (2017 - £672,000)

The date of the most recent comprehensive actuarial valuation was 31 December 2015 The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. The post-retirement rate of return uses the Bank of England stripped gilts nominal spot yield curve +0.5% and the pre-retirement rate of return uses the same yield curve +1.2%. Salary increases are assumed to be in line with inflation and pension increases range between 2 5% and 5.0%. At the date of the latest actuarial valuation, the valuation showed a net deficit of £3.7m

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £574,000 (2017 - £742,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2017 £Nil)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amount included in the balance sheet arising from the Group's obligations in respect of its executive defined benefit scheme is as follows.

	2018 £ 000	2017 £ 000
Fair value of scheme assets	29,203	31,348
Present value of defined benefit obligation	(35,929)	(35,036)
Net liability recognised in the balance sheet	(6,726)	(3,688)

Defined benefit obligation

Changes in the defined benefit obligation are as follows.

	£ 000
Present value at 1 November 2017	35,036
Current service cost	480
Interest cost	981
Actuarial gains and losses	(590)
Benefits paid, net of insurance annuity income	22
Present value at 31 October 2018	35,929

Fair value of scheme assets

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

	£ 000
Fair value at 1 November 2017	31,348
Interest income	887
Actuarial gains and losses	(507)
Employer contributions	671
Benefits paid net of insurance annuity income	22
Remeasurement losses on insured assets	(3,218)
Fair value at 31 October 2018	29,203

Analysis of assets

The major categories of scheme assets are as follows.

	2018 £ 000	2017 £ 000
Cash and cash equivalents	29	-
Equity instruments	11,798	11,975
Insured annuity	14,426	17,179
With profit funds	2,950	2,194
	29,203	31,348

Return on scheme assets

	2018 £ 000	2017 £ 000
Return on scheme assets	(507)	156

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

Principal actuarial assumptions

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

	2018 %	2017 %
Future salary increases	3.60	3.50
Future pension increases (max)	3.20	3.10

Post retirement mortality assumptions

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	22.10	22.20
Current UK pensioners at retirement age - female	23.40	23.60
Future UK pensioners at retirement age - male	24.10	24.20
Future UK pensioners at retirement age - female	25.60	25.60

Post-retirement medical scheme

The Group provides unfunded post-retirement medical benefits for a number of its employees after retirement.

Reconciliation of scheme liabilities to liabilities recognised

The amounts recognised in the statement of financial position are as follows

	2018 £ 000	2017 £ 000
Present value of scheme liabilities	(5,424)	(5,583)

Defined benefit obligation

Changes in the defined benefit obligation are as follows

	£ 000
Present value at 1 November 2017	(5,583)
Interest cost	(151)
Employer contributions	375
Change to assumptions	(65)
Present value at 31 October 2018	(5,424)

Principal actuarial assumptions

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

	2018 %	2017 %
Discount rate	2 90	2 80
Medical expenses inflation	9 50	9 50

Post retirement mortality assumptions

Mortality assumptions are the same as those used for the staff pension scheme.

24 Called up share capital

Group and company

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £1 each	7,103	7,103	7,103	7,103
A Ordinary of £0 0001 each	7,218	1	7,218	1
	14,321	7,104	14,321	7,104

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders of the ordinary shares are entitled to dividends in proportion to the number of shares they hold Dividends per share class do not have to be paid in equal measure.

A Ordinary shares have the following rights, preferences and restrictions:

The holders of the A ordinary shares are entitled to dividends in proportion to the number of shares they hold Dividends per share class do not have to be paid in equal measure. The A ordinary shares do not carry any voting rights

25 Reserves

Group

Share capital

The two classes of shares and their rights are described in note 24

Capital redemption reserve

The capital redemption reserves represents the price of the Group's re-purchase of its own shares

Other reserves

Other reserves comprise undistributable profits and unrealised gains and losses on exchange Also included in other reserves is a hedging reserve which is used to record transactions arising from the Group's cash flow hedging arrangements.

Profit and loss account

The profit and loss account represents the Group's total retained earnings available for distribution.

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

2018	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Unrealised gain on cash flow hedges	2,902	-	2,902
Foreign currency translation losses	861	750	1,611
Remeasurement losses on pension and post-retirement medical schemes net of deferred tax	-	(754)	(754)
	3,763	(4)	3,759

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

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

Company

Share capital

The two classes of shares and their rights are described in note 24

Capital redemption reserve

The capital redemption reserves represents the price of the Company's re-purchase of its own shares.

Profit and loss account

The profit and loss account represents the Company's total retained earnings available for distribution.

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

2018	Profit and loss account £ 000	Total £ 000
Remeasurement gains on defined benefit pension schemes net of deferred tax	(180)	(180)

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

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

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

26 Loans and borrowings

	Group	
	2018	2017
	£ 000	£ 000
Current loans and borrowings		
Finance leases	4,145	2,299
Senior loans	4,484	8,007
	8,629	10,306

	Group	
	2018	2017
	£ 000	£ 000
Non-current loans and borrowings		
Finance leases	5,360	4,885
Senior loans	134,554	169,336
	139,914	174,221

Group

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

	2018	2017
	£ 000	£ 000
Senior loans after more than five years by instalments	107,640	125,589

Senior loans after five years

The Group has the following Senior loans:

£Nil (2017 - £9,114,000) taken out by a subsidiary - Autolink Concessionaires (A19) Limited. The Senior loan accrues interest on a semi-annual basis at 0 9% above LIBOR plus MLA costs The Senior loan was repaid during the year.

£Nil (2017 - £25,133,000) taken out by a subsidiary - Autolink Concessionaires (A19) Limited The Senior loan accrues interest on a semi-annual basis at 6 748%. The Senior loan was repaid during the year.

£32,347,000 (2017 - £36,507,000) taken out by a subsidiary - Pinnacle Schools (Gateshead) Limited. The Senior loan accrues interest on a semi-annual basis at 0.95% above LIBOR plus MLA costs. The margin varies but will not exceed 0.95%. The Senior loan is due for repayment in 2032 and is secured over the assets of the subsidiary

£30,050,000 (2017 - £31,070,000) taken out by a subsidiary - SRM (Redcar & Cleveland) Limited The Senior loan accrues interest on a semi-annual basis at 0 6% above LIBOR plus reserve asset costs. The Senior loan is due for repayment in 2037 and is secured over the assets of the subsidiary.

£67,196,000 (2017 - £71,449,000) taken out by a subsidiary - Sir Robert McAlpine Road Holdings Limited The Senior loan accrues interest on a semi-annual basis at 4% plus annual RPI The Senior loan is due for repayment in 2027 and is secured over the assets of the subsidiary.

£5,000,000 (2017 - £5,000,000) taken out by a subsidiary - Cardiff Gate Business Park Limited. £4,000,000 of the Senior loan accrues interest on a semi-annual basis at 5.1% and £1,000,000 of the Senior loan accrues interest on a semi annual basis at 4.0% above LIBOR. The Senior loan is due for repayment in 2020 and is secured over the assets of the subsidiary.

All Senior loans are repayable by non-equal instalments, except for the £5,000,000 held by Cardiff Gate Business Park Limited, which will be repaid in full on the repayment date.

27 Obligations under leases and hire purchase contracts

Group

Finance leases

Finance leases relate to the purchase of cranes used in the Group's construction activities. Cranes are classified as property, plant and equipment in note 14. There are no contingent rental, renewal or purchase option clauses.

The total future minimum lease payments are as follows:

	2018 £ 000	2017 £ 000
Not later than one year	4,145	2,610
Later than one year and not later than five years	6,031	5,154
	10,176	7,764

Operating leases

The total future minimum lease payments are as follows:

	2018 £ 000	2017 £ 000
Not later than one year	4,100	2,567
Later than one year and not later than five years	5,940	3,814
Later than five years	575	3,820
	10,615	10,201

The amount of non-cancellable operating lease payments recognised as an expense during the year was £10,478,000 (2017 - £12,073,000).

Operating leases - lessor

The total future minimum lease payments are as follows:

	2018 £ 000	2017 £ 000
Not later than one year	96	146
Later than one year and not later than five years	1,330	1,330
Later than five years	562	569
	1,988	2,045

Total contingent rents recognised as income in the period are £1,571,000 (2017 - £1,508,000).

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

Company

Operating leases

The total future minimum lease payments are as follows:

	2018 £ 000	2017 £ 000
Not later than one year	232	232
Later than one year and not later than five years	367	599
	599	831

The amount of non-cancellable operating lease payments recognised as an expense during the year was £279,000 (2017 - £279,000).

28 Contingent liabilities

Group

There were contingencies in respect of the following

Guarantees of contract performance bonds given in the normal course of business,

Guarantees of performance of subsidiary and joint arrangements under funding and leasing agreements; and

Completed and uncompleted contracts.

It is impracticable to estimate the financial effect, timing or probability of payments in relation to the above items

The Group has guaranteed the future leasehold rental payments for one of its joint ventures. The contingent liability expired in September 2018. The maximum liability at 31 October 2018 was £Nil (2017 - £794,000)

29 Related party transactions

Group

There were transactions amounting to £13m (2017 - £19.0m) in respect of construction and other contracts on normal commercial terms with various joint arrangements, of which £8 2m (2017 - £2 2m) was owing at the year end and included within debtors due in less than one year (note 19)

There were transactions amounting to £3.1m (2017 - £2.3m) in respect of construction and other contracts on normal commercial terms with joint ventures and unlisted investments, of which £0 1m (2017 - £0 1m) was owing at the year end and included within debtors due in less than one year (note 19)

Included within other financial assets (note 17) are loan balances of £3 5m (2017 - £3 6m) and unlisted securities of £12 4m (2017 - £12.4m) owing from McAulay (Tudor House) Limited and McAulay (Market Buildings) Limited respectively. The loan balances have a fair value of £4 0m (2017 - £4.2m) The unlisted securities have an impairment against them of £1.0m (2017 - £1.6m) A number of Directors have an interest in both of these companies

At the year end, BCM McAlpine Limited owed the Group £57.6m (2017 - £52.8m). During the year no recoveries were received. (2017 - £4 5m). During the year the Group increased part of the provision against this balance by £5 1m (2017 - reversed the provision against this balance by £6.2m). BCM McAlpine Limited is a jointly controlled entity

Included within turnover were management fees of £0.1m (2017 - £0.3m) received from various joint ventures, of which £nil (2017 - £nil) was outstanding at the year end

Company

The company's related party transactions were with wholly-owned subsidiaries and so have not been disclosed.

30 Financial instruments

Group

Categorisation of financial instruments 2018	Loans and receivables £ 000	Financial assets at fair value through profit or loss £ 000	Derivatives at fair value through profit or loss £ 000	Derivatives used for hedging £ 000	Financial liabilities at amortised cost £ 000	Total £ 000
Trade receivables	166,314	-	-	-	-	166,314
Other receivables	18,177	-	-	-	-	18,177
Short-term deposits	23,188	-	-	-	-	23,188
Joint ownership properties	-	1,223	-	-	-	1,223
Loans	-	3,648	-	-	-	3,648
PPP financial assets	-	126,594	-	-	-	126,594
Inflation swaps	-	-	2,413	-	-	2,413
Interest rate swaps	-		-	(18,187)	-	(18,187)
Senior loans	-	-	-	-	(139,038)	(139,038)
Finance leases	-	-	-	-	(9,505)	(9,505)
Trade creditors	-	-	-	-	(215,698)	(215,698)
Accruals	-	-	-	-	(125,390)	(125,390)
Other creditors	-	-	-	-	(2,751)	(2,751)
	207,679	131,465	2 413	(18,187)	(492,382)	(169,012)

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

Financial assets measured at fair value

PPP financial assets

Assets constructed by the Group's PPP concession companies are classified as financial assets which are held at fair value with changes being recorded in profit or loss During the operational phase, fair value is determined by discounting the future cash flows allocated to the financial asset using discount rates based on long-term gilt rates adjusted for the risk levels associated with the assets. During the year there was an increase in gilt rates resulting in a fair value loss being taken through profit or loss

The adjustment for risk level premiums vary between 1.5% and 2.9% dependent on the time to maturity and the jurisdiction of the asset.

The fair value is an asset of £126,594,000 (2017 - £127,696,000) and the change in value included in profit or loss is a loss of £1,102,000 (2017 - £1,746,000)

Derivative financial instruments - inflation swap

The Group has entered into inflation swaps to pay income at RPI and receive income at a fixed rate of 3 445% for maturities ranging between 2018 and 2038 The swaps are based on a principal semi-annual amount of £778,000 The fair value has been determined by discounting the future cash flows of the inflation swaps

The instrument is used to hedge the Group's exposure to RPI on income relating to a subsidiary's PPP unitary charge income.

Cash flows on the income and the inflation swap are paid semi-annually

The fair value is an asset of £2,413,000 (2017 - £2,793,000) and the change in value included in profit or loss is a loss of £380,000 (2017 - gain of £861,000)

Cash flow hedges

Interest rate swap

The Group has entered into a cash flow hedge to receive interest at floating rates of interest and pay interest at fixed rates of between 4 41% and 5 03% for maturities ranging between 2018 and 2037

The hedging arrangement fixes the total interest payable on the Senior loans to between 5.21% and 5 63%.

During 2018, a hedging gain of £2,902,000 (2017 £217,000) net of deferred tax was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

The swaps are based on a principal amount of £67,558,000, part of the principal amount of the Group's Senior loan facilities, and mature on the same dates as the Senior loans.

The fair value liability of the financial instruments designated as hedging instruments at 31 October 2018 is £18,187,000 (2017 - £21,089,000)

The instruments are used to hedge the Group's exposure to interest rate movements on the Senior loans.

Cash flows on the Senior loans and the interest rate swaps are paid semi-annually.

The amount reclassified from equity to profit or loss for the year is £Nil (2017 - £Nil).

The amount of any excess of the fair value of the hedging instrument over the change in the fair value of the expected cash flows that was recognised in profit or loss for the year is £Nil (2017 - £Nil).

31 Parent and ultimate parent undertaking

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

32 Subsidiaries and related undertakings

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

Company	Registered company number	Country of Incorporation / registration	Interest in shares
Civil engineering and building			
Bankside Electrical Contractors Limited	00970503 *		100% ordinary
British Contracts Company Limited	00168655		100% ordinary
Derby Joinery Limited	01615045		100% ordinary
McAlpine Limited		Cayman Islands	100% ordinary
McAlpine Offshore Limited			100% ordinary
Partnership Insurance Company		Cayman Islands	100% ordinary
Sir Robert McAlpine Limited			100% ordinary
Sir Robert McAlpine (Holdings) Limited ^			100% ordinary
Sir Robert McAlpine Management Contractors Limited	01157770 *		100% ordinary
St Blaise (1998) Limited			81.68% ordinary
BCM McAlpine Limited #		Bermuda	40% ordinary
McAlpine (Cayman) Limited #		Cayman Islands	40% ordinary

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

Company	Registered company number	Country of Incorporation / registration	Interest in shares
Property development and investments			
Abacus Developments Limited	01038942	*	100% ordinary
Abacus Projects Limited	01460919	*	100% ordinary
Abacus Property Holdings Limited			100% ordinary
ADL Ventures Limited	02891389	*	100% ordinary
Axis Land Partnerships Limited	10284645	*	100% ordinary
Brickworth Developments Limited ^	00777501	*	100% ordinary
Cardiff Gate Business Park Limited	02617988	*	100% ordinary
Concert Bay Limited	05227029	*	100% ordinary
ConstructEnergy Limited	01498746	*	100% ordinary
McAlpine Park Lane Inc		U.S.A	100% ordinary
McAlpine Properties Limited		Cayman Islands	100% ordinary
MC Alpine Enterprises Limited			100% ordinary
Merlot Developments Limited	06048528	*	100% ordinary
Miltons Shoot 2011 Limited			100% ordinary
Oak Court Estates (Langstone, Mon) Limited	00869982		100% ordinary
Oak Court Management Company (Coventry) Limited			100% ordinary
Oakus Developments Limited	04452226	*	100% ordinary
Raglan Development Limited	09854957	*	100% ordinary
Robert McAlpine Enterprises Limited			100% ordinary
Sir Robert McAlpine Enterprises Limited ^			100% ordinary
Sir Robert McAlpine Healthcare Limited			100% ordinary
White Rock Business Park Limited			82% ordinary
Tempus Ten (Management) Limited#			54% ordinary
Cable Swan Limited#	10390283		50% ordinary
CEPF II Charles Street Manchester Developments Limited#	11168796		50% ordinary
EHC International Limited #			50% ordinary
EHC Marrakech Limited #			50% ordinary
EHC Malaysia Limited #			50% ordinary
Endeavour UK 4 Limited #			50% ordinary
Jersey Waterfront Group Holdings I Limited #		Jersey	50% ordinary
Jersey Waterfront Group Holdings II Limited #		Jersey	50% ordinary
Jersey Waterfront Group Holdings III Limited #		Jersey	50% ordinary
Jersey Waterfront Hotel Holding Limited #		Jersey	50% ordinary
Jersey Waterfront Hotel Management Limited #		Jersey	50% ordinary

Company	Registered company number	Country of Incorporation / registration	Interest in shares
Property development and investments (continued...)			
Jersey Waterfront Hotel (Central Apartments) Limited #		*Jersey*	*50% ordinary*
Jersey Waterfront Hotel Development Limited #		Jersey	50% ordinary
McGreen Estates Limited #			50% ordinary
MSDL Holdings Limited#	11357148		50% ordinary
MSDL Properties Limited#	10865339		50% ordinary
Red Kite Securities Limited #			50% ordinary
Scarmac Limited #			50% ordinary
Springfield Village Estate Limited#	11164792		50% ordinary
STEP Springfield Village Limited#	11153704		50% ordinary
UK LP Gore Street Limited#			50% ordinary
Consortium 220 LLP #			33.33% ordinary
UBW Limited #		Cayman Islands	20% ordinary
Walton Wagner Limited #			20% ordinary

McAlpine Park Lane Inc's registered address is 3200 Bailey Lane, Suite 199, Naples, FL 34105.
McAlpine Properties Limited's registered address is 4th floor Queengate Building, 113 South Church Street, PO Box 1994, Grand Cayman.
Miltons Shoot 2011 Limited's registered address is Calyx House, South Road, Taunton, Somerset, TA1 3DU
Endeavour UK 4 Limited's registered address is 11 Elmbank Street, Glasgow, United Kingdom, G2 4PB
Jersey Waterfront Group Holdings I Limited and all Jersey Waterfront group companies registered addresses are The Radisson Blu, Rue de L'Etau, St Helier, Jersey, JE2 3WF.
Scarmac Limited's registered address is Europa House, 20 Esplanade, Scarborough, North Yorkshire, YO11 2AQ.
UK LP Gore Street Limited's registered address is Carlyle House, 78 Chorley New Road, Bolton, Lancashire, BL1 4BY
Consortium 220 LLP's registered address is Duddingston House, Milton Road West, Edinburgh, EH15 1RB.
UBW Limited's registered address is 2nd floor Harbour Place, PO 472103 South Church Street, Grand Cayman, KY1-1106.
Walton Wagner Limited's registered address is Portland House 21 Narborough Road, Cosby, Leicester, LE9 1TA.

Company	Registered company number	Country of Incorporation / registration	Interest in shares
PPP investments			
Aura Learning Communities Limited			100% ordinary
Autolink Concessionaires (A19) Limited			100% ordinary
Autolink Holdings (A19) Limited			100% ordinary
Pinnacle Schools (Gateshead) Holdings Limited			100% ordinary
Pinnacle Schools (Gateshead) Limited			100% ordinary
Pinnacle Schools Limited			100% ordinary
Sir Robert McAlpine Capital Ventures Limited			100% ordinary
Sir Robert McAlpine Healthcare (Dawlish) Limited	03319534	*	100% ordinary
Sir Robert McAlpine Road Holdings Limited			100% ordinary
Sir Robert McAlpine (A19) Limited			100% ordinary

Newarthill Limited

Notes to the Financial Statements for the Year Ended 31 October 2018

Company	Country of Incorporation / registration	Interest in shares
PPP investments (continued...)		
Sir Robert McAlpine (M6) Limited		100% subsidiary
SRM (Redcar & Cleveland) Holdings		100% subsidiary
SRM (Redcar & Cleveland) Limited		100% subsidiary
Paget Health Services (Holdings) Limited #	Bermuda	58% ordinary
Paget Health Services Limited #	Bermuda	58% ordinary
Endeavour UK 4 Limited #		50% ordinary
Autolink Concessionaires (M6) plc #		19.5% ordinary
Autolink Holdings (M6) Limited #		19.5% ordinary

Paget Health Service (Holdings) Limited and Paget Health Service Limited's registered address is Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda