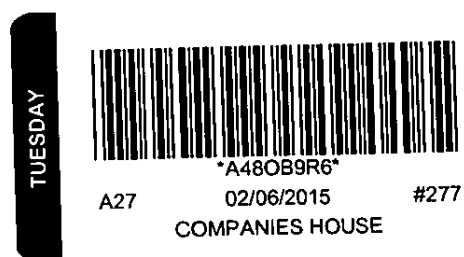


NEWARTHILL LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014



Registered in England and Wales Number: 1050970

NEWARTHILL LIMITED

DIRECTORS' REPORT

Directors Ian M McAlpine MA
 The Hon David M McAlpine
 Cullum McAlpine

Company Secretary Kevin J Pearson B Sc , ACA

The directors served throughout the year and remain in office

The directors present their annual report together with the audited financial statements of the group for the year ended 31 October 2014

Going Concern

After making enquiries, the directors have a reasonable expectation that the company 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. More information is provided in note 1 to the financial statements.

Dividends

There was no interim dividend paid during the year (2013: £nil) and the directors do not recommend the payment of a final dividend (2013: £nil).

Share Issue and Purchase

On 23 October 2014 the company issued 7,217,955 A Ordinary shares of £0.0001 at par.

On 4th December 2014, 114,746 Ordinary shares of £1 were purchased by the company for a total consideration of £2,232,957. The price paid was £19.46 per share.

Employees

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

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

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

Indemnity Provision

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.

Risk management and future developments

The group's policy on risk management and details of its future development have been included in the Strategic Report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by



Kevin J Pearson B Sc , ACA
Company Secretary

Registered Office
40 Bernard Street
London
WC1N 1LG

2 April 2015

NEWARTHILL LIMITED

STRATEGIC REPORT

Principal Activities

Newarthill Limited is a leading building and civil engineering construction group operating primarily within the United Kingdom and is also involved in property developments, investments and PPP operations

With over 140 years of experience we recognise that understanding the core values and aspirations of our clients is key to successfully delivering projects while being committed to the highest standards of safety and sustainability

We continue to work across all the major market sectors, tailoring our design, construction, technical and management capabilities to meet our clients' varying needs

Review of the Business

The loss on ordinary activities before taxation of the group was £67.8m compared with a profit of £5.9m in 2013. Group turnover including share of joint ventures was £1,064m (2013: £898m), which includes £107.8m (2013: £nil) of deemed disposal of the completed PPP assets within one of our joint ventures

The significant deterioration in the performance is the result of a number of poorly performing contracts, mainly in the United Kingdom construction business which have incurred considerable losses. The group has taken a prudent view of the final outcome of these contracts and has not allowed for any recoveries that may be expected in the longer term

United Kingdom Construction

The United Kingdom construction market remains highly competitive with some sectors suffering from high cost escalation with a very stretched and limited supply chain. This is most evident in the London region where Sir Robert McAlpine Limited has a significant presence

2014 was a challenging year and in addition to the general market pressures, we identified some weaknesses within our own operations that contributed to delays and cost escalations, resulting in losses on one project in particular. These processes – risk management during tendering and the management of our design responsibilities and changes – have been reviewed and corrected with a restructure of our management framework and the introduction of new robust governance procedures. In 2014, we also established a high priority cost efficiency programme and have embarked upon a significant upgrade of our technology to enhance operational productivity. We are confident that the steps we have taken will ensure that stringent levels of management and controls are now in place.

We remain committed to and focused on our staff who bring the highest levels of expertise and experience to the business. They have worked unstintingly in often difficult circumstances during the year to deliver projects of the highest standards and quality. We commenced on a number of notable projects during the year: the Severnside Energy Recovery Centre in south Gloucestershire and the Energy from Waste facility in Buckinghamshire for HZL, both demonstrate our expertise in delivering complex civil engineering projects, the Victoria Gate retail development in Leeds, and the Watermark West Quay leisure hub in Southampton for Hammerson. We are making good progress on the high profile Bloomberg project in London and continue to expand our retail sector activities with improvements at Selfridges in Oxford Street for Stanhope.

We completed a number of significant projects during the year including the redevelopment of Hereford's former livestock market into a new retail and leisure quarter, Manchester Metropolitan University's Birley Fields campus and the first phase of the Prime Four Business Park in Aberdeen. We also handed over a new community hospital in Bridgwater, under our Integrated Health Projects Joint Venture, and office headquarters for Admiral Insurance in Cardiff.

Looking forward, we are positive about our prospects in 2015. We are expecting turnover to remain at current levels as a result of our sustained engagement in the commercial, retail and education sectors and our ongoing work on civil engineering projects. Indeed, the year has started strongly – we have won the new headquarters office building for Generali and M&G in London and the first phase of Capco's Earls Court regeneration project.

Caribbean Construction

The KEMH PPP Hospital Redevelopment in Bermuda was completed and handed over on 12 June 2014 and the focus has now changed to the recovery of losses from other parties involved in the project. Other than the hospital project both the Bermudan and Cayman businesses have been quiet, however more opportunities are being identified and it is expected that 2015 will be a profitable year.

Capital Ventures

The secondary market for PPP/PFI assets remains in robust health and the group has continued to divest of some projects in its portfolio. Colchester Garrison PFI and Fife Schools PPP were disposed of during the year which resulted in net cash proceeds of £40.7m and a profit on sale of £31.4m.

The remaining portfolio of PPP assets continues to be actively managed and is performing well.

Property Development and Investments

Our activity in these sectors remains subdued and it is unlikely that activity will increase in the following year.

Taxation

Due to the loss on ordinary activities before taxation, the group has a tax credit of £0.2m, relating primarily to relief against tax charges in prior years.

NEWARTHILL LIMITED

STRATEGIC REPORT (CONTINUED)

Cash and Borrowings

The group had cash balances of £220m (2013 £262m) at the year end. Total borrowings were £121m (2013 £126m) of which £119m (2013 £124m) represents non-recourse debt in our wholly owned PPP special purpose vehicles.

Outlook

With a greater emphasis on risk and margin when tendering it is expected that group turnover will remain similar to 2014 as will forward workload.

The group continues to have substantial cash balances and with only non-recourse borrowing in our PPP SPVs, we are well placed to navigate the current difficult trading conditions. With the dedication of our staff and with the changes that have been introduced over the last 12 months, together with the strong performance of our PPP and investment business, we are confident that we will return to profitability in 2015.

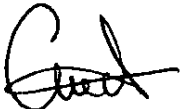
Principal Risks and Uncertainties

Management of major contracts and bidding risk The risks that the group are exposed to depend on the size and complexity of the project together with the legal form of the contract. The development and retention of high quality staff is vital to the success of our business and the effective operation of our risk procedures. The group has enhanced its risk based procedures during the year with particular emphasis on the tendering process and change management.

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.

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.

Market price risk The risks relating to listed investments are reduced by way of maintaining a diversified portfolio.



Cullum McAlpine
Director

Registered Office
40 Bernard Street
London
WC1N 1LG

2 April 2015

NEWARTHILL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing those 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 and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group 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

We have audited the Group and Company financial statements of Newarthill Limited for the year ended 31 October 2014 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group note of historical cost profits and losses, the Group and Company balance sheets, the Group 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 (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all of the financial and non financial information in the Annual Report to identify material inconsistencies within the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we became aware of any apparent material misstatements or inconsistencies we considered the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the parent company's and the group's affairs as at 31 October 2014 and of the loss of the group for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Andrew Clark FCA

Andrew Clark (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

2 April 2015

NEWARTHILL LIMITED

GROUP PROFIT AND LOSS ACCOUNT **Year ended 31 October 2014**

	Notes	2014 £000	2013 £000
Total turnover including share of joint ventures	2	1,063,817	897,965
Less share of joint ventures' turnover		(200,985)	(36,293)
Group turnover		862,832	861,672
Cost of sales		(938,703)	(865,196)
Gross loss		(75,871)	(3,524)
<div> <div>Gross loss is made up from</div> <div> <div>Total excluding KEMH PPP redevelopment</div> <div>KEMH PPP redevelopment</div> </div> </div>			
		(66,650)	37,428
		(9,221)	(40,952)
		(75,871)	(3,524)
Administrative expenses		(24,302)	(25,590)
Profit on sale of joint ventures		3,601	37,007
Share of operating profit in joint ventures	4	13,054	15,563
Share of operating profit in associates		63	37
Total operating (loss)/profit	2, 3	(83,455)	23,493
Profit on sale of investments and properties		28,736	818
Amounts written off investments		(101)	(431)
(Loss)/profit on ordinary activities before finance (charges)/income		(54,820)	23,880
Finance (charges)/income (net)			
Group		(43)	1,672
Joint ventures and associates		(12,977)	(19,655)
	5	(13,020)	(17,983)
(Loss)/profit on ordinary activities before taxation		(67,840)	5,897
Tax on (loss)/profit on ordinary activities	6	170	2,021
(Loss)/profit on ordinary activities after taxation		(67,670)	7,918
Minority interest	19	29	11
(Loss)/profit on ordinary activities after taxation and minority interests	21, 22	(67,641)	7,929
All turnover and operating (loss)/profit relate to continuing operations			

NEWARTHILL LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 October 2014

	Note	2014 £000	2014 £000	2013 £000
(Loss)/profit on ordinary activities after taxation and minority interests			(67,641)	7,929
Unrealised surplus on revaluation of investment properties	9	535		2,335
Unrealised exchange gain on foreign currency net investments		297		31
Net actuarial (loss)/gain on pension and medical schemes		(8,660)		699
Deferred tax on net actuarial (loss)/gain on pension and medical schemes		1,179		(490)
Other recognised gains and losses relating to the year			(6,649)	2,575
Total recognised gains and losses relating to the year			<u>(74,290)</u>	<u>10,504</u>

GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 October 2014

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before taxation	(67,840)	5,897
Difference between the historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	(252)	(148)
Historical cost (loss)/profit on ordinary activities before taxation	<u>(68,092)</u>	<u>5,749</u>
Historical cost (loss)/profit for the year after taxation, minority interests and dividends	<u>(67,893)</u>	<u>7,781</u>

NEWARTHILL LIMITED

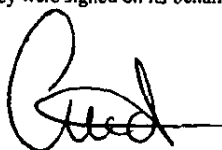
BALANCE SHEETS AS AT 31 OCTOBER 2014

		Group		Company	
	Notes	2014 £000	2013 £000	2014 £000	2013 £000
FIXED ASSETS					
Intangible assets - goodwill	8	8,682	9,666	-	-
Tangible fixed assets	9	52,341	52,729	-	-
Investments in joint ventures					
Share of gross assets		197,904	204,377	-	-
Share of gross liabilities		(185,881)	(184,923)	-	-
	10	12,023	19,454	-	-
Investments in associates	11	240	202	-	-
Other fixed asset investments	12	48,619	69,593	82,743	82,743
		<u>121,905</u>	<u>151,644</u>	<u>82,743</u>	<u>82,743</u>
CURRENT ASSETS					
Stocks	13	57,790	51,281	-	-
Debtors - due within one year	14	144,105	153,282	30,031	128,320
- due after more than one year	14	133,834	134,179	-	-
Cash and deposits	15	220,489	262,348	7,165	29,132
		<u>556,218</u>	<u>601,090</u>	<u>37,196</u>	<u>157,452</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(278,396)	(282,784)	(83,473)	(194,381)
NET CURRENT ASSETS/(LIABILITIES)		<u>277,822</u>	<u>318,306</u>	<u>(46,277)</u>	<u>(36,929)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>399,727</u>	<u>469,950</u>	<u>36,466</u>	<u>45,814</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
PROVISIONS FOR LIABILITIES AND CHARGES	17	(169,906)	(181,011)	-	-
MINORITY INTEREST	18	(67,146)	(60,190)	(1,725)	(2,100)
	19	220	191	-	-
		<u>(236,832)</u>	<u>(241,010)</u>	<u>(1,725)</u>	<u>(2,100)</u>
NET ASSETS EXCLUDING PENSION AND MEDICAL SCHEME LIABILITIES		<u>162,895</u>	<u>228,940</u>	<u>34,741</u>	<u>43,714</u>
PENSION AND MEDICAL SCHEME LIABILITIES	27	(36,520)	(28,276)	(1,670)	(1,393)
NET ASSETS	2	<u>126,375</u>	<u>200,664</u>	<u>33,071</u>	<u>42,321</u>
CAPITAL AND RESERVES					
Called up share capital	20	7,219	7,218	7,219	7,218
Capital redemption reserve	21	15,056	15,056	15,056	15,056
Revaluation reserve	21	8,775	8,240	-	-
Other reserves	21	4,424	4,127	-	-
Profit and loss account	21	90,901	166,023	10,796	20,047
SHAREHOLDERS' FUNDS	22	<u>126,375</u>	<u>200,664</u>	<u>33,071</u>	<u>42,321</u>

Registered in England and Wales Number: 1050970

These financial statements were approved by the Board of Directors and authorised for issue on 2 April 2015

They were signed on its behalf by



Cullum McAlpine

Director

NEWARTHILL LIMITED

GROUP CASH FLOW STATEMENT

Year ended 31 October 2014

	Notes	2014 £000	2013 £000
Net cash flow from group operating activities (see below)		(92,202)	14,605
Dividends received from joint ventures and associates		2,292	342
Returns on investments and servicing of finance	25(a)	(1,796)	2,386
Taxation		-	(2,437)
Capital expenditure and financial investment	25(a)	49,555	(28,646)
Acquisitions and disposals	25(a)	5,045	14,257
Cash flow before management of liquid resources and financing		(37,106)	507
Management of liquid resources	25(b)	(607)	(16,846)
Financing	25(a)	(4,880)	(4,834)
Net movement in cash in the year		(42,593)	(21,173)
Reconciliation of group operating (loss)/profit to group operating cash flows			
Total operating (loss)/profit		(83,455)	23,493
Less profit on sale of joint ventures		(3,601)	(37,007)
Less share of operating profit in joint ventures and associates		(13,117)	(15,600)
Depreciation charges		5,712	4,414
Amortisation charges		984	984
Pension charges/(credits)		1,039	(5,955)
Profit on sale of fixed assets		-	(213)
(Increase)/decrease in stocks		(6,509)	291
Decrease in debtors		11,786	3,645
(Decrease)/increase in creditors		(13,261)	10,421
Increase in provisions		8,220	30,132
Net cash flow from group operating activities		(92,202)	14,605
Reconciliation of net cash flow to movement in net funds			
Net movement in cash in the year		(42,593)	(21,173)
Cash flow from decrease in debt and lease financing		4,881	4,834
Cash flow from management of liquid resources		607	16,846
Changes in net funds resulting from cash flows		(37,105)	507
Exchange movements		127	-
Movement in net funds in the year		(36,978)	507
Net funds at the start of the year		136,270	135,763
Net funds at the end of the year	25(b)	99,292	136,270

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 October 2014**

1 ACCOUNTING POLICIES

The group's financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies adopted by the directors and which are described below, have been applied consistently throughout the current and preceding financial years.

Accounting conventions

The group's financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investment properties.

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 15, 23 and 25 to the financial statements. A description of the group's management of interest rate risk and treasury risk are also 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.

Basis of consolidation

The group's financial statements incorporate the assets and liabilities of all subsidiaries as at 31 October 2014 and their results for the year ended on that date, other than where the group does not exert control over the distribution of profits (see note 12).

On acquisition, the fair value of net assets is assessed. The difference between the price paid for new interests and the fair value of net assets acquired is capitalised as goodwill and amortised over its useful economic life, not exceeding 20 years.

Goodwill arising on acquisitions completed prior to 1 January 1998 (the date on which the requirements of Financial Reporting Standard No. 10, Goodwill and Intangible Assets, came into effect) was either written off directly to reserves or capitalised and amortised to the profit and loss account over its useful economic life.

The group's cumulative share of post acquisition reserves in joint ventures has been taken from the most recent audited financial statements of the companies concerned and where the audited financial statements are non-coterminous and cover a year ended before 31 October 2014, from subsequent unaudited management accounts and include adjustments to reflect group accounting policies. Joint ventures are those companies in which the group has a participating interest and exercises joint control over their management.

Joint arrangements

In accordance with Financial Reporting Standard No. 9, Associates and Joint Ventures (which requires departure from the Companies Act 2006), the group accounts for its joint arrangements by taking its share of the profit and loss account, assets, liabilities and cash flows on a proportionate consolidation basis.

Joint ventures

Shares in joint ventures are accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of pre-tax profits and attributable taxation of the joint ventures based on the financial statements and latest management accounts.

In the consolidated balance sheet, the investments in joint ventures are shown as the group's share of gross assets and gross liabilities.

Associates

Associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the associate's profits less losses while the group's share of net assets is shown within the consolidated balance sheet.

Accounting for PPP contracts

Under Financial Reporting Standard No. 5, Reporting the Substance of Transactions, where a finance debtor is recognised, the debtor is repaid over the life of the concession and revenue is apportioned between a deemed interest income and turnover. This deemed interest income is based upon the value of the finance debt outstanding and is included within turnover and operating profit, although disclosed separately.

Turnover in relation to life cycle costs is recognised in proportion to the costs incurred and expected to be incurred over the contract period.

Foreign currencies

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.

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 October 2014**

1 ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover represents the value of work carried out and services supplied to clients of the group during the year including the group's share of turnover in joint ventures and gross property income. Construction turnover includes variations in contract work where the variations have been certified and includes claims where the claims have been paid. Profit is recognised on long-term contracts when the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

Cost of sales

Included within cost of sales are provisions against future losses.

Investment properties

Investment properties are revalued annually and no depreciation is provided. Any fall in value below original cost which is expected to be permanent is taken to the profit and loss account. Increases in value up to the original cost are taken to the profit and loss account and increases above original cost are taken to the revaluation reserve.

The Companies Act 2006 requires all properties to be depreciated. However, the requirements conflict with the generally accepted accounting principle set out in SSAP 19, Accounting for Investment Properties. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Tangible fixed assets

Tangible fixed assets are stated at cost or at valuation (as at the date of the implementation of Financial Reporting Standard No. 15, Measurement of Tangible Fixed Assets) net of depreciation and less any provision for impairment.

Depreciation

Plant and equipment are depreciated over their estimated useful economic lives at declining rates based on their written down values or on a straight line basis. The rates vary between 5% and 60% per annum.

Buildings occupied for trading purposes are written off on a reducing balance basis at rates of either 5% or 10% per annum. Leases are written off in equal annual instalments over the remainder of the lease. No depreciation is provided on investment properties and freehold land.

Investments

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

Stocks

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

Long-term contract balances represent costs incurred net of amounts transferred to cost of sales and 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 to the profit and loss account.

Amounts recoverable on contracts

This represents the amounts due on contracts in accordance with SSAP 9, Stocks and Long-term Contracts.

Bank loans

Loans are recorded net of direct issue costs which are written off to the profit and loss account over the life of the debt.

Operating leases

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

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

1 ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Subsidiaries and joint ventures use derivative financial instruments to reduce exposure to interest rates movements. They do not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the period of the contract.

Taxation

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

Financial Reporting Standard No. 19, Deferred Tax, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. The standard requires that deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Retirement benefits

The expected costs to the group of pensions in respect of defined benefit pension schemes and post-retirement healthcare (Notes 26 - 28) are charged each year to the profit and loss account so as to spread the cost of pensions and post-retirement healthcare over the service lives of employees in the schemes. These schemes are accounted for in accordance with Finance Reporting Standard No. 17, Retirement Benefits.

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

2 SEGMENTAL ANALYSIS

	Turnover		Operating (loss)/profit	
	2014 £000	2013 £000	2014 £000	2013 £000
Turnover and operating (loss)/profit				
Business segment				
Contracting	819,386	810,190	(108,014)	(42,060)
Property	5,179	7,562	2,728	1,465
Property - joint ventures and associates	7,457	5,171	(467)	180
PPP concessions	38,267	43,920	9,673	48,919
PPP concessions - joint ventures	193,528	31,122	12,625	14,989
	<u>1,063,817</u>	<u>897,965</u>	<u>(83,455)</u>	<u>23,493</u>
Geographical segment (by origin)				
United Kingdom	831,490	831,651	(88,338)	50,469
United Kingdom - joint ventures and associates	16,947	32,141	8,881	15,586
USA and Caribbean	31,342	30,021	(7,275)	(42,144)
USA and Caribbean - joint ventures	179,956	282	3,633	(261)
Europe and Asia - joint ventures	4,082	3,870	(356)	(157)
	<u>1,063,817</u>	<u>897,965</u>	<u>(83,455)</u>	<u>23,493</u>

All segments relate to continuing operations. The operating (loss)/profit and the net assets analyses are shown after the allocation of overheads to the individual segments. Turnover by destination is not materially different from turnover by origin.

Included within PPP concessions turnover and operating profit is £13,066,000 (2013: £13,324,000) of PPP deemed interest and included within PPP concessions - joint venture turnover and operating profit is £12,272,000 (2013: £13,163,000) of PPP deemed interest. All PPP deemed interest is generated within the United Kingdom - other than £4,724,000 (2013: £nil) which is generated in Bermuda.

Net assets	2014 £000	2013 £000		2014 £000	2013 £000
Business segment			Geographical segment		
Contracting	(150,368)	(143,955)	United Kingdom	(98,554)	(92,944)
Property	84,747	80,224	United Kingdom - joint ventures and associates	(19,909)	(19,878)
Property - joint ventures and associates	(9,382)	(7,958)	USA and Caribbean	(14,005)	(17,373)
PPP concessions	(57,546)	(54,090)	USA and Caribbean - joint ventures	(1,069)	2,362
PPP concessions - joint ventures	(7,399)	(3,220)	Europe and Asia - joint ventures	(6,411)	(1,166)
	<u>(139,948)</u>	<u>(128,999)</u>		<u>(139,948)</u>	<u>(128,999)</u>
Investments	48,619	69,593	Investments	48,619	69,593
Taxation	(2,785)	(2,278)	Taxation	(2,785)	(2,278)
Net cash and short term deposits	220,489	262,348	Net cash and short term deposits	220,489	262,348
	<u>126,375</u>	<u>200,664</u>		<u>126,375</u>	<u>200,664</u>

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

3 TOTAL OPERATING (LOSS)/PROFIT

	2014 £000	2013 £000
Total operating profit is stated after charging/(crediting)		
Depreciation - owned assets	5,710	4,410
- leased assets	2	4
Amortisation of goodwill	984	984
Operating leases	3,568	3,083
Payments to defined contribution pension schemes	2,873	2,036
Profit on disposal of fixed assets	-	(213)
Plant hire and leasing	9,145	8,190
Fees payable to the company's auditor for the audit of the company's annual accounts	20	19
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries pursuant to legislation - current year	206	217
- prior year	14	11
Total audit fees	240	247
Other services pursuant to legislation		
Other consultancy	4	-
Total non-audit fees	4	-
Fees payable to the company's auditor in respect of the audit of the associated pension schemes	15	19

4 SHARE OF OPERATING PROFIT IN JOINT VENTURES

	2014 £000	2013 £000
Operating profit	782	2,400
PPP deemed interest	12,272	13,163
	13,054	15,563

5 FINANCE (CHARGES)/INCOME (NET)

	2014 £000	2013 £000
Interest receivable and similar income		
Income from listed investments	961	906
Income from unlisted investments	2,503	2,193
Interest receivable and similar income	4,613	7,455
Share of interest receivable by joint ventures	108	245
	8,185	10,799
Interest payable and similar charges		
Bank loans and overdrafts	(6,995)	(7,105)
Other loans	(1,362)	(721)
Share of interest payable by joint ventures	(13,040)	(19,900)
	(21,397)	(27,726)
Other finance charges - pension and post retirement medical schemes	192	(1,056)
	(13,020)	(17,983)

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
Charge on the (loss)/profit for the year		
Current year:		
United Kingdom Corporation Tax	219	(3,156)
Overseas taxation	9	8
Group's share of taxation of joint ventures	445	547
Group's share of taxation of associates	11	8
Total current year tax	684	(2,593)
Prior year:		
United Kingdom Corporation tax	476	(1,610)
Group's share of taxation of joint ventures	294	-
Total prior year tax	770	(1,610)
Deferred tax (credit)/charge	1,454	(4,203)
Origination and reversal of timing differences	(1,520)	2,477
Group's share of joint ventures - origination and reversal of timing differences	(104)	(295)
	(1,624)	2,182
	(170)	(2,021)
Factors affecting the tax credit for the current year:		
	2014 £000	2013 £000
(Loss)/profit on ordinary activities before taxation	(67,840)	5,897
United Kingdom Corporation Tax at 21.83% (2013: 23.41%)	(14,809)	1,380
Disallowable expenditure	4,491	6,738
Non-taxable income	(7,708)	(8,749)
Depreciation in excess of capital allowances	814	(254)
Overseas taxation - differences in tax rates	210	1,325
Effect of changing tax rates	(452)	(1,143)
Utilisation of tax losses	(128)	-
Effects of other tax credits	218	-
Losses carried forward	23,177	-
Prior year adjustments	476	(1,610)
Other timing differences	(4,835)	(1,890)
	1,454	(4,203)

Deferred tax assets have not been recognised by the group in respect of losses carried forward, depreciation in excess of capital allowances and short term timing differences as there is insufficient evidence that the assets will be recovered. Deferred tax assets which were recognised are shown in note 14 and are included within Debtors. Amounts falling due after more than one year. The amount of the assets not recognised is £24,249,000 (2013: £1,496,000). The assets will be recovered if there are sufficient taxable profits in future years.

The unprovided deferred tax asset is analysed as follows:

Group	2014 £000	2013 £000
Losses	21,626	367
Depreciation in excess of capital allowances	1,960	1,024
Short term timing differences	663	105
	24,249	1,496

There were no unrecognised deferred tax liabilities in relation to the group (2013: £nil) and the company (2013: £nil).

The United Kingdom corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015.

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2014

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014 £000	2013 £000
Staff costs including directors' emoluments		
Wages and salaries	111,793	106,988
Social security costs	12,104	11,947
Other pension costs	7,383	5,702
Other pension costs – past service costs	-	(6,600)
	<u>131,280</u>	<u>118,037</u>

	2014 No	2013 No
Average number employed during the year including directors	<u>2,219</u>	<u>2,054</u>

	2014 £000	2013 £000
Directors		
Aggregate emoluments of the directors of the company		
Salaries and taxable benefits	<u>821</u>	<u>771</u>

	2014	2013
Emoluments of the highest paid director were as follows		
Aggregate emoluments excluding pension contributions	<u>£281,762</u>	<u>£265,920</u>

There were no retirement benefits accruing to directors under defined benefit schemes (2013: nil)

There was no pension benefits accruing to the highest paid director (2013: £nil)

8 INTANGIBLE FIXED ASSETS - GOODWILL

Group	Net Book Value £000	Goodwill £000	Amortisation £000
As at 1 November 2013	9,666	19,585	(9,919)
Amortisation charge in the year	(984)	-	(984)
As at 31 October 2014	<u>8,682</u>	<u>19,585</u>	<u>(10,903)</u>

Goodwill is amortised over the expected useful economic lives which range from 10 to 20 years

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

9 TANGIBLE FIXED ASSETS

Group

	<u>Total</u> £000	<u>Investment</u> <u>properties</u> £000	<u>Land and</u> <u>buildings</u> £000	<u>Other</u> <u>plant and</u> <u>equipment</u> £000
Cost or valuation				
As at 1 November 2013	101,270	20,885	26,312	54,073
Exchange rate adjustment	61	-	22	39
Revaluation	570	570	-	-
Additions	5,643	-	392	5,251
Disposals	(5,338)	-	(212)	(5,126)
As at 31 October 2014	<u>102,206</u>	<u>21,455</u>	<u>26,514</u>	<u>54,237</u>
Depreciation				
As at 1 November 2013	48,541	-	8,520	40,021
Exchange rate adjustment	38	-	6	32
Charge for the year	5,712	-	1,050	4,662
Disposals	(4,426)	-	(49)	(4,377)
As at 31 October 2014	<u>49,865</u>	<u>-</u>	<u>9,527</u>	<u>40,338</u>
Net book value as at 31 October 2014	<u>52,341</u>	<u>21,455</u>	<u>16,987</u>	<u>13,899</u>
Net book value as at 31 October 2013	<u>52,729</u>	<u>20,885</u>	<u>17,792</u>	<u>14,052</u>
At cost	30,886	-	16,987	13,899
At valuation	21,455	21,455	-	-
	<u>52,341</u>	<u>21,455</u>	<u>16,987</u>	<u>13,899</u>
Comparable historical costs	93,359	12,608	26,514	54,237
Comparable historical depreciation	53,057	3,192	9,527	40,338

All of the land and buildings comprises of freehold properties

The wholly owned investment properties, which are all situated in the United Kingdom, were revalued by the directors based upon internal recommendations made by qualified Chartered Surveyors and based on market values. This resulted in a net surplus of £570,000, of which £535,000 has been taken to the Revaluation Reserve and the balance taken to the Profit and Loss Account and is included within Amounts written off investments (2013 net surplus of £2,335,000, all of which was taken to the Revaluation Reserve. These were revalued by Strutt & Parker on the basis of market value as at 31 October 2013).

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 October 2014**

10 INVESTMENTS IN JOINT VENTURES

<u>Group</u>	<u>Total</u> <u>£000</u>	<u>Share of Net</u> <u>Assets/(Liabilities)</u> <u>£000</u>	<u>Joint Venture</u> <u>Loans</u> <u>£000</u>
Cost and net book value			
As at 1 November 2013	19,454	(5,987)	25,441
Exchange rate adjustment	-	(3)	3
Movement on reserves	(2,791)	(2,791)	-
Disposal	(1,444)	(1,444)	-
Increase in loans	1,166	-	1,166
Repayment of loans	(4,362)	-	(4,362)
As at 31 October 2014	<u>12,023</u>	<u>(10,225)</u>	<u>22,248</u>
Made up from			
Shares		17,081	
Share of post acquisition reserves		(27,306)	
		<u>(10,225)</u>	

The gross assets and liabilities are as follows

	<u>2014</u> <u>£000</u>	<u>2013</u> <u>£000</u>
Fixed assets	17,610	19,577
Current assets	180,294	184,800
Liabilities due within one year	(10,016)	(11,312)
Liabilities due after more than one year	(175,865)	(173,611)
	<u>12,023</u>	<u>19,454</u>

A list of the principal joint ventures is included in note 32

11 INVESTMENTS IN ASSOCIATES

	<u>Total</u> <u>£000</u>	<u>Share of Net</u> <u>Assets</u> <u>£000</u>	<u>Associate</u> <u>Loans</u> <u>£000</u>
As at 1 November 2013	202	52	150
Share of retained profits	37	37	-
Increase in loans	1	-	1
As at 31 October 2014	<u>240</u>	<u>89</u>	<u>151</u>

The investment consists of a 20% holding in Walton Wagner Limited

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2014

12 OTHER FIXED ASSET INVESTMENTS

<u>Group</u>	<u>Total</u> <u>£000</u>	<u>Listed and</u> <u>Unlisted</u> <u>Securities</u> <u>£000</u>	<u>Other</u> <u>Loans</u> <u>£000</u>
Cost			
As at 1 November 2013	76,626	24,514	52,112
Additions	633	-	633
Disposals	(8,115)	(9)	(8,106)
Repayments	(17,713)	-	(17,713)
As at 31 October 2014	51,431	24,505	26,926
Provisions			
As at 1 November 2013	7,033	3,945	3,088
(Credited)/charged to the profit and loss account	(1,380)	(1,462)	82
Disposals	(2,841)	-	(2,841)
As at 31 October 2014	2,812	2,483	329
Net book value as at 31 October 2014	48,619	22,022	26,597
Net book value as at 31 October 2013	69,593	20,569	49,024
Valuation of listed securities		<u>2014</u> <u>£000</u>	<u>2013</u> <u>£000</u>
Net book value		15,212	15,205
Market value		24,554	22,024

No tax is expected to arise should these investments be disposed of due to surplus capital losses within the group

Included within Listed and Unlisted Securities is an equity investment of £900 (2013 £900) in Glasgow Learning Quarter Limited and this represents 90% of the total equity. The accounts of this company are excluded from being consolidated into the group accounts as the group does not exert any control over the distribution of its profits.

Company

Shares in subsidiary companies	£000
Cost	
As at 1 November 2013 and 31 October 2014	85,008
Provisions	
As at 1 November 2013 and 31 October 2014	2,265
Net book value as at 31 October 2014	82,743
Net book value as at 31 October 2013	82,743

Details of all subsidiaries are shown in note 32a

13 STOCKS

<u>Group</u>	<u>2014</u> <u>£000</u>	<u>2013</u> <u>£000</u>
Materials and consumables	773	785
Properties held for development and sale	53,664	46,609
Long-term contract balances	3,353	3,887
	<u>57,790</u>	<u>51,281</u>

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

14 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	£000	£000	£000	£000
Amounts falling due within one year				
Finance debtor	2,944	2,652	-	-
Amounts recoverable on contracts	111,005	131,022	-	-
Trade debtors	5,093	3,905	-	-
Amounts owed by group undertakings	-	-	29,861	128,114
Amounts owed by joint ventures	-	1,385	-	-
Amounts owed by joint arrangements	1,643	1,110	-	-
Other debtors	11,158	6,756	5	9
Taxation	4,656	37	-	9
Prepayments and accrued income	7,606	6,415	165	188
	<u>144,105</u>	<u>153,282</u>	<u>30,031</u>	<u>128,320</u>
Amounts falling due after more than one year				
Finance debtor	116,132	119,075	-	-
Amounts recoverable on contracts	14,269	11,853	-	-
Other debtors	1,357	1,347	-	-
Deferred tax asset	2,076	1,904	-	-
	<u>133,834</u>	<u>134,179</u>	<u>-</u>	<u>-</u>

At 31 October 2014, a deferred tax asset of £2,076,000 (2013 £1,904,000) was recognised in relation to short term timing differences

Amounts owed by group undertakings are interest free and repayable on demand

15 CASH AND DEPOSITS

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	£000	£000	£000	£000
Short term deposits	92,982	92,315	-	-
Cash at bank and in hand	127,507	170,033	7,165	29,132
	<u>220,489</u>	<u>262,348</u>	<u>7,165</u>	<u>29,132</u>

Within the group figures for short term deposits is £84.8m (2013 £82.5m) and cash at bank and in hand is £6.1m (2013 £14.9m) held under terms which are currently restricted. These are held primarily by PPP Special Purpose Vehicles (2013 PPP Special Purpose Vehicles)

16 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	£000	£000	£000	£000
Loans (see Note 23)	9,259	4,934	-	-
Payments on account	16,571	8,000	-	-
Trade creditors	210,982	231,795	-	-
Amounts owed to group undertakings	-	-	80,036	192,332
Corporation tax	5,002	2,278	3,314	1,793
Other taxation and social security	4,096	9,891	-	-
Other creditors	1,483	1,312	-	-
Accruals	19,458	19,380	123	256
Deferred income	11,545	5,194	-	-
	<u>278,396</u>	<u>282,784</u>	<u>83,473</u>	<u>194,381</u>

Amounts owed to group undertakings are interest free and repayable on demand

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 October 2014**

17 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group

	2014 £000	2013 £000
Loans (see Note 23)	111,938	121,144
Trade creditors	7,663	10,071
Accruals	1,198	1,198
Deferred income	49,107	48,598
	<u>169,906</u>	<u>181,011</u>

18 PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Total £000	Deferred taxation £000	Other provisions £000
As at 1 November 2013	60,190	10,030	50,160
Charged/(credited) to the profit and loss account	42,422	(1,264)	43,686
Utilised during the year	(35,466)	-	(35,466)
As at 31 October 2014	<u>67,146</u>	<u>8,766</u>	<u>58,380</u>

Deferred taxation is in respect of
 Depreciation in excess of capital allowances
 Short term timing differences

170
 8,596
8,766

Company

	Other provisions £000
As at 1 November 2013	2,100
Utilised during the year	(375)
As at 31 October 2014	<u>1,725</u>

Other provisions relate to expected future losses on incomplete contracts, life cycle costs and compensation arrangements

It is impracticable to estimate the timing of the utilisation of deferred tax, future losses or life cycle costs. All amounts included within provisions have not been discounted

19 MINORITY INTEREST

	£000
<u>Group</u>	
As at 1 November 2013	191
Credited to the profit and loss account	29
As at 31 October 2014	<u>220</u>

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

20 CALLED UP SHARE CAPITAL

Group and Company

	2014 £000	2013 £000
Allotted, called up and fully paid		
7,217,955 Ordinary shares of £1 each (2013 7,217,955)	7,218	7,218
7,217,955 A Ordinary shares of £0.0001 each (2013 Nil)	1	-
	<u>7,219</u>	<u>7,218</u>

On 23 October 2014 the company issued 7,217,955 A Ordinary shares of £0.0001 at par

The holders of the Ordinary and 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.

Post Balance Sheet Event

On 4th December 2014, 114,746 Ordinary shares of £1 were purchased by the company for a total consideration of £2,232,957. The price paid was £19.46 per share.

21 RESERVES

Group

	Total £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
As at 1 November 2013	193,446	15,056	8,240	4,127	166,023
Loss on ordinary activities after taxation and minority interests	(67,641)	-	-	-	(67,641)
Revaluation of investment properties	535	-	535	-	-
Net differences on foreign exchange	297	-	-	297	-
Actuarial gains and losses on pension schemes and post-retirement medical scheme, net of deferred tax	(7,481)	-	-	-	(7,481)
As at 31 October 2014	<u>119,156</u>	<u>15,056</u>	<u>8,775</u>	<u>4,424</u>	<u>90,901</u>

Company

	Total £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
As at 1 November 2013	35,103	15,056	-	-	20,047
Loss on ordinary activities after taxation	(8,722)	-	-	-	(8,722)
Actuarial gains and losses on pension scheme, net of deferred tax	(529)	-	-	-	(529)
As at 31 October 2014	<u>25,852</u>	<u>15,056</u>	<u>-</u>	<u>-</u>	<u>10,796</u>

The revaluation reserve comprises surpluses arising on the revaluation of investment properties which if realised at their revalued amounts would not give rise to a taxation liability due to available capital losses (2013 £nil).

Other reserves comprise undistributable profits and unrealised gains and losses on exchange.

As permitted by Section 408(3) of the Companies Act 2006 no profit and loss account of the parent company is presented. The loss on ordinary activities after taxation of the company for the year was £8,722,000 (2013 £965,000).

Retained (loss)/profit for the year is made up as follows:

	2014 £000	2013 £000
Parent company	(8,722)	(965)
Subsidiaries and joint arrangements	(58,413)	13,209
Joint ventures and associates	(506)	(4,315)
	<u>(67,641)</u>	<u>7,929</u>

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2014 £000	2013 £000
(Loss)/profit on ordinary activities after taxation and minority interests	(67,641)	7,929
Other recognised gains and losses relating to the year	(6,649)	2,575
Share issue (see note 20)	1	-
Net (decrease in)/addition to shareholders' funds	(74,289)	10,504
Opening shareholders' funds	200,664	190,160
Closing shareholders' funds	126,375	200,664

23 LOANS

Group	2014 £000	2013 £000
Repayments of all loans falling due		
Within one year	9,259	4,934
Between one and two years	5,581	9,223
Between two and five years	18,645	17,578
In five years or more	87,712	94,343
	121,197	126,078

The above figures are net of the direct issue costs relating to the loans as required under Financial Reporting Standard No 25, Financial Instruments

The following table provides details of loans not wholly repayable within five years

Repayable by	Interest	Security	2014 £000	2013 £000
2024	0.9% above LIBOR plus MLA costs	Assets of Autolink Concessionaires (A19) Limited	11,965	12,800
2024	6.748%	Assets of Autolink Concessionaires (A19) Limited	32,806	35,043
2032	0.95% above LIBOR plus MLA costs The margin varies but will not exceed 0.95%	Assets of Pinnacle Schools (Gateshead) Limited	42,236	44,116
2037	0.6% above LIBOR plus Reserve asset costs	Assets of SRM (Redcar & Cleveland) Limited	31,926	32,046
			118,933	124,005

All repayments are by non-equal instalments

24 RELATED PARTY TRANSACTIONS

The following disclosures are required under Financial Reporting Standard No 8, Related Party Disclosures

There were transactions in respect of construction and other contracts on normal commercial terms with the following related parties

	2014 £m	2013 £m
Joint arrangements	14.3	7.6
Joint ventures	28.2	38.0
Unlisted investments	32.2	16.0

The joint venture transactions noted above include those for the Paget Health Services Limited, of which the group owns 58% (see Note 32c). The Sir Robert McAlpine Limited Staff Pension Scheme also owns 28% of the equity and the remaining 14% is owned by an overseas company in which a number of directors have an interest.

At the year end, BCM McAlpine Limited owed the group £59.2m (2013: £18.8m). A provision of £34.5m (2013: £18.8m) has been made during the year against this balance.

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

24 RELATED PARTY TRANSACTIONS (CONTINUED)

At the year end, £0.6m (2013: £0.5m) was due from Oak Court Estates (Langstone, Mon.) Limited, a 60% owned subsidiary and included within debtors - due within one year. The loan has an interest rate of 2% above the Bank of England base rate and £13,000 (2013: £12,000) of interest was recognised and capitalised in the year. During the year, a management fee of £50,000 (2013: £nil) was received from Oak Court Estates (Langstone, Mon.) Limited.

Included within debtors - due within one year was £3.7m (2013: £3.7m) owing from McAulay Tudor House Limited. In addition, included within other fixed asset investments were balances of £12.4m (2013: £12.4m) owing from McAulay Market Buildings Limited and £1.2m (2013: £1.5m) owing from McAulay Tudor House Limited. A provision has been made against the investment in McAulay Market Buildings Limited for £2.0m (2013: £3.5m). A number of directors have an interest in both of these companies.

Included within turnover were management fees of £0.1m (2013: £0.1m) received from various joint ventures, of which £nil (2013: £nil) was outstanding at the year end.

Details of the group's principal joint ventures are set out in note 32c. Investments in and loans to joint ventures are set out in note 10 and amounts due to or from joint ventures are shown in notes 14 and 16.

Other

There were transactions amounting to £nil (2013: £0.3m) in respect of construction and other contracts on normal commercial terms with the Renewable Energy Systems Holdings Limited group, a group under common ownership, of which no balance was outstanding at the year end (2013: £nil). Also there were amounts incurred on behalf of the Renewable Energy Systems Holdings Limited group of £nil (2013: £0.4m) of which no balance was outstanding at the year end (2013: £nil).

There were transactions amounting to £nil (2013: £4.8m) in respect of construction on normal commercial terms with Deryn Properties LLP, of which £nil (2013: £nil) was due at the year end. One of the directors has an interest in this company.

During the previous year the group sold a property to Knott Park One LLP for £0.3m. Following the disposal of the property by Knott Park One LLP a further profit of £0.9m was taken by the group in 2014. No balance was outstanding at the year end (2013: £0.3m). A number of the directors have an interest in this entity.

Ultimate Controlling Party

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

25 CASH FLOW STATEMENT

a. Analysis of cash flows

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	6,578	10,229
Interest paid	(8,374)	(7,843)
Net cash flow from returns on investments and servicing of finance	(1,796)	2,386
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(5,643)	(14,951)
Receipts from sale of tangible fixed assets	3,163	1,428
Purchase of investments	(633)	(25,475)
Receipts from sale of investments	49,472	1,666
Payment of loans to joint ventures	(1,166)	(2,515)
Repayment of loans by joint ventures	4,362	11,201
Net cash flow from capital expenditure and financial investment	49,555	(28,646)
Acquisitions and disposals		
Receipts from disposal of joint ventures	5,045	14,257
Net cash flow from acquisitions and disposals	5,045	14,257
Financing		
Repayment of loans	(4,881)	(4,834)
Issue of own shares	1	-
Net cash flow from financing	(4,880)	(4,834)

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

25 CASH FLOW STATEMENT (CONTINUED)

b Analysis of net funds

	As at 1 Nov 2013 £000	Cash flow £000	Non cash flow movements £000	Exchange movements £000	As at 31 Oct 2014 £000
Cash at bank and in hand	170,033	(42,593)	-	67	127,507
Loans due after one year	(121,144)	-	9,206	-	(111,938)
Loans due within one year	(4,934)	4,881	(9,206)	-	(9,259)
	<u>43,955</u>	<u>(37,712)</u>	<u>-</u>	<u>67</u>	<u>6,310</u>
Short term deposits	92,315	607	-	60	92,982
Total	<u>136,270</u>	<u>(37,105)</u>	<u>-</u>	<u>127</u>	<u>99,292</u>

26 RETIREMENT BENEFITS

The group operates two defined benefit pension schemes - a group scheme and an executive scheme. Benefits are based upon final pensionable pay, although for the group scheme there are caps on any annual increases which are dependent upon the level of contributions made. The assets of both schemes are held separately from those of the group. The pension costs relating to the schemes are assessed in accordance with the advice of an external, qualified actuary using the projected unit method. Actual contributions made to the group scheme were £5,461,000 (2013 £4,995,000) and to the executive scheme were £560,000 (2013 £300,000).

The latest actuarial valuation of the group scheme was at 31 October 2012. The assumptions which have a significant effect on the results of the valuation are those relating to the rate of return on the investments and the rates of increases in salaries and pensions. It was assumed that the pre-retirement investment return would exceed the rate of salary increases by 2.8% per annum and that the post-retirement investment return would exceed these rates by 2.8%. At the date of the latest actuarial valuation, the market value of the scheme's investments amounted to £338.7m and the actuarial value of these investments was sufficient to cover 93% 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 of the scheme approach retirement. The executive scheme covers the pensions of a number of directors and senior employees.

In addition to the defined benefit schemes noted above, the group operates two defined contribution schemes where employee contributions are matched by company contributions. During the year, the cost was £2.9m (2013 £2.0m). All costs were expensed as incurred and there were no amounts outstanding, by way of either amounts owing or commitments, at the year end (2013 £nil).

27 PENSION AND MEDICAL SCHEME LIABILITIES

The retirement benefit schemes and the post-retirement medical benefits are described in notes 26 and 28. The actuarial valuation described has been updated at 31 October 2014 by a qualified actuary using revised assumptions that are consistent with the requirements of Financial Reporting Standard No. 17, Retirement Benefits. Investments have been valued at fair value. The contribution rates were 8% or 15% of pensionable earnings with the 8% including a cap on the annual increases applied to the pensionable earnings. These rates will continue into 2015. Where a surplus or deficit arises on the group scheme, the company and members either benefit from or pay for this in equal proportions.

The group scheme includes some employees who are employed within the Renewable Energy Systems Holdings Limited group which was demerged from the Newarthill Limited group in 2009. These employees remain as active members of the pension scheme following the demerger. The figures below represent the assets and liabilities of the scheme as a whole. Due to the small percentage of members employed by the Renewable Energy Systems Holdings Limited group compared to those who remain within the Newarthill Limited group, it is considered more appropriate for the Newarthill Limited group to incorporate the entire group pension scheme rather than separate the assets and liabilities between the two entities.

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

Actuarial Assumptions

Group and Company	Medical Benefits		Pension Schemes	
	2014	2013	2014	2013
Rate of increase of salaries	-	-	2.50% - 3.30%	2.50% - 3.40%
Rate of increase of pensions in payment	-	-	2.50% - 2.90%	2.50% - 3.00%
Discount Rate	4.00%	4.50%	4.00%	4.50%
Inflation Assumption (RPI)	-	-	2.90%	3.00%
(CPI)	-	-	2.10%	2.20%
Medical Expenses Inflation	9.00%	10.00%	-	-
Expected rates of return Equities and properties	-	-	5.90%	6.40%
Expected rates of return Cash and gilts	-	-	2.40% - 2.90%	3.40%
Expected rates of return Bonds	-	-	4.00%	4.20%
Expected rates of return With profits fund	-	-	-	4.20%
Expected rates of return Insured annuity	-	-	-	4.20%

The overall expected rate of return is based upon market data for comparable instruments

Fair value of the assets and the present value of liabilities of the schemes

	Group				Company	
	Medical Benefits and Executive Scheme		Group Scheme		Executive Scheme	
	2014	2013	2014	2013	2014	2013
	£000	£000	£000	£000	£000	£000
Equities and Property	8,211	7,442	215,295	214,281	8,211	7,442
Cash and gilts	-	-	65,683	56,205	-	-
Bonds	-	-	83,929	80,794	-	-
Insured annuity	17,791	15,875	-	-	17,791	15,875
With profit funds	1,369	1,488	-	-	1,369	1,488
Total fair value of assets	27,371	24,805	364,907	351,280	27,371	24,805
Present value of liabilities	(33,838)	(31,411)	(444,429)	(411,512)	(29,485)	(26,614)
Net deficit of the schemes	(6,467)	(6,606)	(79,522)	(60,232)	(2,114)	(1,809)
Net deficit attributable to scheme members	-	-	39,761	30,116	-	-
Net deficit attributable to the group	(6,467)	(6,606)	(39,761)	(30,116)	(2,114)	(1,809)
Deferred tax asset	1,358	1,519	8,350	6,927	444	416
	(5,109)	(5,087)	(31,411)	(23,189)	(1,670)	(1,393)

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2014

27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

	Group		Company	
	Medical Benefits and Executive Scheme	Group Scheme	Executive Scheme	
Reconciliation of the movements on the fair value of assets	£000	£000	£000	
As at 1 November 2013	24,805	351,280	24,805	
Expected return on schemes' assets	1,234	18,896	1,234	
Difference between actual and expected return on schemes' assets	687	10,378	687	
Impact of additional insured pensioners	1,186	-	1,186	
Contributions	560	5,461	560	
Benefits paid and DIS premiums	(1,101)	(21,108)	(1,101)	
As at 31 October 2014	27,371	364,907	27,371	
Reconciliation of the movements on the present value of liabilities	£000	£000	£000	
As at 1 November 2013	(31,411)	(411,512)	(26,614)	
Service cost	(282)	(8,348)	(275)	
Contributions	127	-	-	
Interest on schemes' liabilities	(1,414)	(18,153)	(1,201)	
Experience gains arising on schemes' liabilities	412	2,191	412	
Effects of changes in assumptions underlying the present value of schemes' liabilities	(1,185)	(29,715)	(1,722)	
Impact of additional insured pensioners	(1,186)	-	(1,186)	
Benefits paid and DIS premiums	1,101	21,108	1,101	
As at 31 October 2014	(33,838)	(444,429)	(29,485)	
Analysis of the movement in the schemes' assets and liabilities during the year	Group		Company	
	Medical Benefits and Executive Scheme	Group Scheme	Executive Scheme	
	2014 £000	2013 £000	2014 £000	2013 £000
Analysis of the amount which has been charged to operating profit under FRS 17				
Current service costs	(282)	(258)	(275)	(249)
Gains on curtailments and settlements	-	-	-	-
	(282)	(258)	(275)	(249)
Analysis of the amount which has been credited/(charged) to net finance (charges)/income under FRS 17				
Expected return on schemes' assets	1,234	1,156	1,234	1,156
Interest on schemes' liabilities	(1,414)	(1,350)	(1,201)	(1,127)
	(180)	(194)	33	29
Analysis of the actuarial gain/(loss) which has been recognised under FRS 17				
Actual return on schemes' assets	1,921	1,089	1,921	1,089
Expected return on schemes' assets	(1,234)	(1,156)	(1,234)	(1,156)
Differences between actual and expected return of schemes' assets	687	(67)	687	(67)
Experience gains/(losses) arising on schemes' liabilities	412	330	412	330
Effects of changes in assumptions underlying the present value of the schemes' liabilities	(1,185)	(281)	(1,722)	(580)
	(86)	(18)	(623)	(317)

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

Analysis of the movement in the schemes' deficit during the year

	<u>Group</u>				<u>Company</u>	
	<u>Medical Benefits and Executive Scheme</u>		<u>Group Scheme</u>		<u>Executive Scheme</u>	
	<u>2014</u> £000	<u>2013</u> £000	<u>2014</u> £000	<u>2013</u> £000	<u>2014</u> £000	<u>2013</u> £000
Deficit of schemes at the beginning of the year	(6,606)	(6,633)	(60,232)	(71,373)	(1,809)	(1,572)
Current service costs	(282)	(258)	(8,348)	(6,764)	(275)	(249)
Gains on curtailments and settlements	-	-	-	13,200	-	-
Contributions	687	497	5,461	4,995	560	300
Other finance income	(180)	(194)	743	(1,723)	33	29
Actuarial (loss)/gain	(86)	(18)	(17,146)	1,433	(623)	(317)
Deficit of schemes at the end of the year	<u>(6,467)</u>	<u>(6,606)</u>	<u>(79,522)</u>	<u>(60,232)</u>	<u>(2,114)</u>	<u>(1,809)</u>

The above figures relating to the group scheme show the full charges and credits, whereas the actual amounts charged or credited to either the Profit and Loss Account or the Statement of Total Recognised Gains and Losses only reflect the group's 50% share

Five Year History

Mortality rates are based upon the following tables and assumptions

2014	SINXA Year of birth with CM1 2013 projections with 0.5% long-term rates (life expectancy 86.6 - 88.8 years)
2013	SINXA Year of birth with CM1 2013 projections with 0.5% long-term rates (life expectancy 86.6 - 88.8 years)
2012	SINXA Year of birth with CM1 2011 core projections with 0.5% long-term rates (life expectancy 86.7 - 89.0 years)
2011	SINXA MC Year of birth projection with medium cohort improvement (life expectancy 86.0 - 87.1 years)
2010	SINXA MC Year of birth projection with medium cohort improvement (life expectancy 85.9)

The life expectancy figures relate to a pensioner aged 65 at the accounting date

Group scheme	<u>2014</u> £000	<u>2013</u> £000	<u>2012</u> £000	<u>2011</u> £000	<u>2010</u> £000
Scheme assets	364,907	351,280	331,837	325,427	326,667
Scheme liabilities (funded)	(444,429)	(411,512)	(403,210)	(371,885)	(324,298)
(Deficit)/surplus	<u>(79,522)</u>	<u>(60,232)</u>	<u>(71,373)</u>	<u>(46,458)</u>	<u>2,369</u>
Experience adjustments					
- assets	10,378	15,343	6,293	(7,189)	12,665
- liabilities	2,191	(13,910)	5,553	(4,217)	(2,074)
Actual return on assets	<u>29,274</u>	<u>31,401</u>	<u>21,865</u>	<u>10,461</u>	<u>29,241</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

27 PENSION AND MEDICAL SCHEME LIABILITIES (CONTINUED)

Medical benefits and executive schemes

Group	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Scheme assets	27,371	24,805	23,411	21,805	20,277
Scheme liabilities (funded)	(29,485)	(26,614)	(24,983)	(22,330)	(19,210)
Scheme liabilities (unfunded)	(4,353)	(4,797)	(5,061)	(4,593)	(4,516)
Deficit	(6,467)	(6,606)	(6,633)	(5,118)	(3,449)
Experience adjustments					
- assets	687	(67)	(62)	(154)	353
- liabilities	412	330	1,096	71	6,043
Actual return on assets	1,921	1,089	895	823	1,364

28 POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the group provides unfunded post-retirement medical insurance benefits for a number of its employees after retirement. The group recognises the obligation by spreading forward the cost over the expected service lives of relevant employees. In calculating the obligation it was assumed that long-term medical expenses inflation would average 9.0% per annum (2013: 10% per annum).

29 COMMITMENTS

There were no amounts contracted for but not provided in the financial statements (2013: £nil).

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

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire				
Within one year	3,706	1,603	208	200
In two to five years	1,489	1,540	-	-
Over five years	25	25	-	-
	5,220	3,168	208	200

30 CONTINGENT LIABILITIES

There were contingent liabilities in respect of:

- guarantees of contract performance bonds given in the normal course of business,
- guarantees of performance by 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 provided a maximum guarantee of £2,175,000 (2013: £2,175,000) to a joint venture. This amount becomes payable if the joint venture fails to meet its interest liabilities. In addition, the group has guaranteed future rentals for the same joint venture. The maximum liability at 31 October 2014 is £2,126,000 (2013: £2,689,000).

NEWARTHILL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2014

31 DERIVATIVES NOT INCLUDED AT FAIR VALUE

At the year end, the group had the following open derivatives that were not included in the financial statements at fair value

	2014 £000	2013 £000
Fair value of derivative		
Loss on interest rate swap - subsidiaries	(16,364)	(15,362)
- joint ventures	(22,642)	(17,778)
	<u>(39,006)</u>	<u>(33,140)</u>

The group uses derivatives to manage its exposure to interest rate movements on its bank loans. The fair values are based on the market values of equivalent instruments at the balance sheet date.

The relevant loans have an interest rate swap contract with a total principal amount of £181.7m (2013: £187.2m) and fixed interest payments at rates of between 4.41% and 5.69% for periods ranging between 2014 and 2037.

32 SUBSIDIARY COMPANIES, JOINT ARRANGEMENTS AND JOINT VENTURES

a) Subsidiary companies

The following represent the subsidiaries as at 31 October 2014 and, except where otherwise stated, were incorporated in Great Britain, registered and operated in England and Wales and were wholly-owned.

Following amendments to the Companies Act 2006, a number of subsidiaries no longer require an audit. The subsidiaries marked by * have taken advantage of this exemption from an audit in accordance with Section 479A. Newarthill Limited has provided a guarantee to each of these subsidiaries in compliance with Section 479C.

Direct Subsidiaries		
Brickworth Developments Limited	*	(property development)
Sir Robert McAlpine (Holdings) Limited		(holding company, civil engineering and building)
Sir Robert McAlpine Enterprises Limited		(holding company, construction related activities)
Other Subsidiaries		
Civil Engineering and Building		
Bankside Electrical Contractors Limited	*	
Brush Contracts Company Limited	*	
ConstructEnergy Limited	*	
Derby Joinery Limited		
MC Alpine Enterprises Limited		
McAlpine Limited		Cayman Islands
McAlpine Offshore Limited		
Partnership Insurance Company		Cayman Islands
Sir Robert McAlpine Limited		
Sir Robert McAlpine Management Contractors Limited	*	
St Blaise (1998) Limited	*	
Property and Investments		
Abacus Developments Limited	*	
Abacus Projects Limited	*	
ADL Ventures Limited	*	
Cardiff Gate Business Park Limited	*	
Concert Bay Limited	*	
Lizard Orchid Developments Limited	*	
McAlpine Park Lane Inc		United States of America
McAlpine Properties Limited		Cayman Islands
Merlot Developments Limited	*	
Miltons Shoot 2011 Limited		
Oak Court Estates (Langstone, Monmouthshire) Limited		(60% owned)
Oak Court Management Company (Coventry) Limited		
Oakus Developments Limited	*	
Seville Holdings Limited		United States of America
Robert McAlpine Enterprises Limited		
Tempus Ten (Management) Limited		(54% owned)
White Rock Business Park Limited		(82% owned)

NEWARTHILL LIMITED

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32 SUBSIDIARY COMPANIES, JOINT ARRANGEMENTS AND JOINT VENTURES (CONTINUED)

Other Subsidiaries (continued)

PPP Investments

Aura Learning Communities Limited
Autolink Concessionaires (A19) Limited
Autolink Holdings (A19) Limited
Pinnacle Schools (Gateshead) Holdings Limited
Pinnacle Schools (Gateshead) Limited
Pinnacle Schools Limited
Sir Robert McAlpine Capital Ventures Limited
Sir Robert McAlpine Healthcare (Dawlish) Limited *
Sir Robert McAlpine Healthcare Limited
SRM (Redcar & Cleveland) Holdings Limited
SRM (Redcar & Cleveland) Limited

b) Joint arrangement

Principal unincorporated joint arrangement

The following represents the principal unincorporated joint arrangement as at 31 October 2014 which operates within the United Kingdom

<u>Company</u>	<u>Group interest in Joint Arrangement</u>
Integrated Health Projects JV	50%

The above joint arrangement is involved in construction

Principal incorporated joint arrangements

The following represent the principal incorporated joint arrangements of the group as at 31 October 2014

<u>Company</u>	<u>Country of Registration, Incorporation and Principal Country of Operation</u>	<u>Issued Shares</u>	<u>Group Holding %</u>	<u>Date of Financial Statements</u>
BCM McAlpine Limited	Bermuda	12,000 Ordinary shares of BDS1 each	40	31/10/14
McAlpine (Cayman) Limited	Cayman Islands	10,000 Ordinary shares of CIS1 each	40	31/10/14

The above joint arrangements are involved in civil engineering and building

NEWARTHILL LIMITED

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32 SUBSIDIARY COMPANIES, JOINT ARRANGEMENTS AND JOINT VENTURES (CONTINUED)

c) Principal joint ventures

The following represent the principal joint ventures of the group as at 31 October 2014

<u>Company</u>	<u>Country of Registration, Incorporation</u>	<u>Issued Shares</u>	<u>Group Holding %</u>	<u>Date of Financial Statements</u>
Autolink Holdings (M6) Limited	England & Wales	77,138 'B' Ordinary shares of 10p each 77,138 'A' Ordinary shares of 10p each 77,138 'C' Ordinary shares of 10p each 25,713 'D' Ordinary shares of 10p each 138,453 'E' Ordinary shares of 10p each	100 nil nil nil nil	31/12/13
Aura Holdings (Newcastle) Limited	England & Wales	80,000 Ordinary shares of £1 each	37½	31/03/14
Paget Health Services Limited	Bermuda	10,000 Ordinary Shares of \$1 each	58	31/10/14

All of the above joint ventures are involved in the designing, building, operating and financing of PPP projects within the United Kingdom except Paget Health Services Limited which operates within Bermuda

EHC International Limited	England & Wales	1,000 Ordinary shares of £1 each	50	31/10/14
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The above joint venture is involved in property development and operates within the United Kingdom, Morocco and Malaysia.

Jersey Waterfront Hotel Limited	Channel Islands	4,000 Ordinary shares of £1 each	50	31/12/13
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The above joint venture is involved in hotel management and operates within the Island of Jersey