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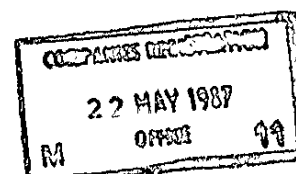


AMEC p l c.
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Amec plc

1675285

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Summary of Results

	1986 £ million	1985 £ million
Turnover	711.0	751.0
Profit on ordinary activities before taxation	30.5	25.5
Profit on ordinary activities after taxation	19.5	16.0
Shareholders' funds	99.8	90.4
<i>Earnings per share</i>	<i>30.0p</i>	<i>24.8p</i>
<i>Dividends per share</i>	<i>12.0p</i>	<i>11.0p</i>

AMEC plc

Directors, Officers and Company Information

Directors

JWH Morgan *Chairman*
A Cockshaw *Chief Executive*
Sir Oswald Davies *Chairman*
JS Bateson
CI Bateman
RH Peet
RW Moffat
R Kisjes
JD Early
GO Whitehead

Secretary

MJ Bardsley

Registered office

14 South Audley Street, London W1Y 5DP
Registered in England No. 1675285

Joint auditors

Armitage & Norton
Price Waterhouse

Registrars

Barclays Bank PLC
Radbroke Hall, Knutsford,
Cheshire WA16 9EU

Principal bankers

Barclays Bank PLC
National Westminster Bank PLC
The Royal Bank of Scotland plc

Notice of Annual General Meeting

Notice is hereby given that the fifth annual general meeting of AMEC p.l.c. will be held at the Hotel Piccadilly, Piccadilly, Manchester, on Wednesday 20 May 1987 at 12 noon for the following purposes:

- 1** To consider the accounts and the reports of the directors and the joint auditors for the year ended 31 December 1986 and to declare a final dividend.
- 2** To re-elect directors.
- 3** To re-appoint the joint auditors and to authorise the directors to fix their remuneration.
- 4** As special business, to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

That the directors be and they are hereby generally and unconditionally authorised to exercise all of the powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £10,785,999 (or, if less, the amount of the authorised but unissued ordinary share capital of the company). Provided that this power shall expire at the end of five years from the date of the passing of this resolution and save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- 5** As special business, to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

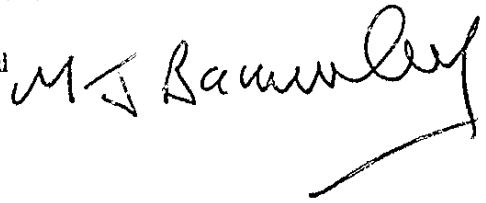
(a) That, subject to the passing of the previous resolution and pursuant to Section 95 of the Companies Act 1985, the directors be and they are hereby authorised and empowered during the period from the date of the passing of this resolution to the next following annual general meeting to allot equity securities pursuant to the authority conferred by the said previous resolution as if Section 89 (1) of the Companies Act 1985 did not apply to the allotment. Provided that this power shall be limited:

(i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (a)(i) of this paragraph) up to an aggregate nominal value of £2,150,000.

(b) That, for the purposes of this resolution, the company may before such authority expires make an offer or agreement which would or might require equity securities to be allotted after such authority expires and the directors may offer and allot equity securities pursuant to any such offer or agreement by the company (but not in exercise of the limit imposed by sub-paragraph (a)(ii) of this paragraph).

By order of the board
MJ Bardsley
Secretary
23 April 1987



A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member. Copies of the annual report and accounts are sent to loan stockholders for information only. Loan stockholders are not entitled to attend or vote at the annual general meeting.

There will be available for inspection at the registered office of the company during business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the Hotel Piccadilly, Piccadilly, Manchester, from 11.45 a.m. on 20 May 1987 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiaries not expiring or terminable within a year without payment of compensation.

AMEC p.l.c.

Chairman's Statement



Your group has enjoyed a successful year and, in comparison with last year, profit before tax has risen by 20 per cent. to £30.5 million and earnings per share are up from 24.8p to 30.0p thus fulfilling the promise of the encouraging interim figures. In recognition of these improved results the board has recommended an increased final dividend giving a total of 12.0p per share compared with 11.0p last year.

The group has performed strongly in its traditional major activities. Order books are at a high level throughout the group despite difficult market conditions in some sectors. At the same time we are pleased with the encouraging development of our newer interests.

Since the formation of AMEC we have aimed to create a highly motivated and co-ordinated management team, bringing together individuals of high calibre at main board level and throughout our de-centralised organisation. We now have a team well able to build on the strength of AMEC's unique breadth of resources and with a readiness to exploit new opportunities. We look to the future with optimism and confidence.

It was especially pleasing to welcome this year another new director, Oliver Whitehead, who was formerly a director of John Laing plc. Mr. Whitehead has taken direct responsibility for our civil and related engineering activities

and this appointment has allowed a re-arrangement of other executive tasks. In particular, it has enabled John Bateson, as deputy chief executive, to give his attention to the supervision of several other major group businesses. Ray Mott is now responsible for AMEC Projects in addition to Fairclough Building. These changes have left Alan Cockshaw with more time to concentrate on the wider aspects of his own role.

It is with great sadness that I have to record the loss of one of our non-executive directors, Ned Franklin, who died in November. His learning and advice in connection with our energy related activities together with his unstinting willingness to contribute whenever possible are greatly missed.

Details of the group's activities during the year are contained in the accompanying operational review. It is perhaps appropriate to comment here on some of the more significant events.

In addition to its continuing involvement in the THORP project at Sellafield, our civil engineering company began work during the year on two major motorway contracts worth over £40 million in total. Although the current emphasis has moved away from further large scale motorway development, other major public works projects are in prospect which Fairclough Civil Engineering, with its wide range of specialised skills, is well placed to pursue.

Chairman's Statement

The scope of our civil engineering resources was further enhanced during the year with the purchase from the Receiver of John Howard of its marine engineering capability. This offers significant potential for expanding our international base. We are already working in a range of locations including Bahrain, the Seychelles and Solomon Islands.

Fairclough Building continues to expand profitably the range of its activities especially its involvement in the flourishing retail and commercial construction market in the South where Amec Projects is also becoming strongly established.

Robert Watson's excellent reputation for high quality steel fabrication work has enabled its two companies to maintain profitability in exceptionally difficult market conditions. They have full order books including a large participation in work at Sellafield.

Press Offshore has also performed well and, in spite of the very difficult conditions prevailing, has succeeded in establishing a sound order book for 1987. Uncertainty in the North Sea oil market has been offset by the continuing development of national gas resources and an increase in the company's service workload. Opportunities for the export of our hard earned expertise are under active investigation.

Unfortunately it has not been possible to avoid the continuing effects of the virtual collapse of the market for the oil related project design services of Worley Santa Fe. Losses in this company are, however, limited by its joint venture status and we retain a belief in the recovery of the market for its services in the longer term.

Rationalisation has been carried through during the year in our mechanical and electrical engineering company, James Scott, in order to create a more flexible posture to adapt to market developments. This has involved, amongst other changes, the disposal of three small peripheral businesses. These include ARW Transformers which was sold to a management team including a director of that company.

The benefits of the previous re-organisation at Denco have borne fruit with a continuing marked improvement in performance. A new factory has been constructed to facilitate the expansion of its range of products and services.

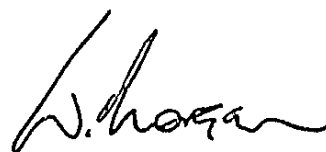
We have continued to explore ways of exploiting promising overseas markets for group services and to re-structure those parts of our overseas operations where results have been less than satisfactory. In the United States, Major Construction has now been closed down but our remaining active interests, though not unprofitable, are dependent on the uncertain Texan economy. We have bought back from the former United States owners, the right to trade in that country in concrete tunnel segments and the exclusive use of the Buchan name. We can now participate directly in this market, which has much potential.

Our new joint venture home building company, Fairclough Homes, has made good progress during the year and we are building up a strong management team. Our aim is to establish a significant presence in all sectors of the market over the next two to three years with an emphasis on high quality and individual design.

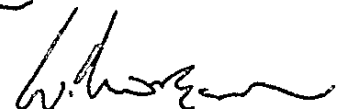
AMEC Properties has continued to extend its development base with a carefully planned series of schemes in different parts of the country including London's docklands. We look forward to significant contributions from these in the years to come.

Finally, I should draw attention to the planning permissions recently granted to develop the facilities of Wentworth Golf Club, which will enable us to achieve a major enhancement of this valuable and attractive group asset.

Progress in 1986 clearly demonstrates that the difficulties that followed AMEC's formation are behind us. The group is moving forward with confidence and we will continue to seek out opportunities to develop the potential of the integrated skills and resources available to us. With our vigorous management and strong cash position, we are well placed to take advantage of new opportunities as they arise. It is particularly pleasing for me to offer my thanks to everyone in AMEC for the hard work and dedication which have made these achievements possible.



JWH Morgan F Eng
Chairman



Report of the Directors

The directors have pleasure in presenting the fifth annual report and accounts for the year ended 31 December 1986.

Business review

The business of the group is building and civil engineering, mechanical and electrical engineering, property development and housing. The group's activities are reviewed in the chairman's statement on pages 4 and 5 and in the operational review distributed with the annual report and accounts.

The profit for the year available to share holders amounting to £18.3 million is shown in the consolidated profit and loss account on page 8. The directors recommend that a final dividend of 7.5p per ordinary share be paid which, together with the interim dividend of 4.5p, makes a total distribution of £7.7 million and a transfer to reserve of £10.6 million.

The final dividend will be paid on 1 July 1987 to members on the register at the close of business on 29 May 1987.

An analysis of the group's activities is given in note 2 on page 13.

Share capital

The present authorised and issued share capital of the company is set out in note 22 on page 20.

The Articles of Association of the company gave the directors authority to issue shares representing the authorised but unissued share capital through to 1 November 1987. An ordinary resolution to extend this authority through to 20 May 1992 (the maximum period permitted in accordance with the provisions of the Companies Act 1935) is set out in the notice of the fifth annual general meeting on page 3.

At the 1986 annual general meeting the shareholders, by special resolution, authorised the directors, in accordance with the provisions of the Companies Act 1985, to issue for cash, other than to existing shareholders during the period up to the 1987 annual general meeting (at such shares as may be necessary in connection with a rights issue to deal with such matters as, for example, fractional entitlements and special circumstances which affect overseas shareholders), and (in addition) shares up to an aggregate nominal amount of £2,150,000 (representing 50% of the authorised share capital) to share holders authorised by the directors pursuant to this authority. A special resolution to renew this authority until the next annual general meeting is set out in the notice of the fifth annual general meeting on page 3.

With regard to the above proposed special resolution it should be noted that the Stock Exchange does not currently require the consent of shareholders in respect of each profit issue by a company of equity capital for cash other than to existing shareholders proportionate to their respective current shareholdings. This relaxation is subject to the consent of shareholders being obtained in accordance with the above proposed special resolution and to the period of the directors' authority not being more than five months after the date when the authority was obtained.

Directors

The following were directors at 31 December 1986:

JWH Morgan	RH Peet
A Cockshaw	RW Mott
Sir Oswald Davies	R Kispes
JS Bateson	JD Early
CI Bateman	GO Whitehead

Dr NI Franklin, who had been a director since 3 September 1985, died on 27 November 1986.

Mr GO Whitehead was appointed a director with effect from 3 November 1986 and, in accordance with Article 91 of the Articles of Association of the company, he retired from office and, being eligible, he offers himself for re-election. Mr Whitehead does not have a service contract terminable by more than 12 months notice.

The directors have a resolution in accordance with Article 91 of the Articles of Association of the company, to re-elect Mr CI Bateman and Mr RW Mott and, being eligible, to re-elect Mr JS Bateson and Mr JD Early for re-election. Mr Peet does not have a service contract terminable by more than 12 months notice. Mr Mott has a service contract with the company terminable by 24 months notice. The biographies of the directors in the ordinary share capital of the company at the directors' holding office at 31 December 1986 were as follows:

	Shares	Executive options**	SAYE options**
JWH Morgan	7,500		
A Cockshaw	700	34,000	
Sir Oswald Davies	33,876		
JS Bateson	500	25,000	
CI Bateman	12,000	25,000	651
RH Peet	14,000		
RW Mott	7,000	25,000	3,259
R Kispes			
JD Early			
GO Whitehead	500*		

	Shares	Executive options**	SAYE options**
JWH Morgan	7,500		
A Cockshaw	700	54,000	
Sir Oswald Davies	33,876		
JS Bateson	500	40,000	
CI Bateman	12,000	40,000	651
RH Peet	14,000		
RW Mott	7,000	40,000	3,259
R Kispes	500	15,000	
JD Early	1,000	15,000	
GO Whitehead	500		

* As at date of appointment.

** The Executive options and the SAYE options were granted under the terms of the AMEC Executive Share Option Scheme and the AMEC Savings Related Share Option Scheme respectively which were approved at the extraordinary general meeting held on 16 May 1985, the terms of which are set out in Note 22 on page 20.

Report of the Directors

Mr C J Bateman had a non-beneficial interest in 142,930 ordinary shares and £70,000 15% unsecured loan stock of the company at 1 January and 31 December 1986 as a trustee of the William Press Group Share Incentive Scheme, which is in the course of being wound up.

No directors had any other interests, beneficial or otherwise, in the ordinary share capital or in the 15% unsecured loan stock of the company.

There were no changes in the directors' interests in the share and loan capital of the company between 31 December 1986 and 1 April 1987.

During the year there were no contracts or arrangements of significance, other than directors' service contracts, between any director and the company or any subsidiary in which a director's interest was material.

Fixed assets

Movements in fixed assets during the year are set out in notes 14 and 15 on pages 16 to 18. In the opinion of the directors, the market value of the group's land and buildings at 31 December 1986 was in excess of book value but, in relation to the group's affairs as a whole, this difference is not significant.

Substantial interests

The directors are not aware of any notifiable interest comprising 5% or more of the ordinary share capital of the company as at 1 April 1987.

Employees

It continues to be the policy of the group to maintain and develop systems of communication designed to keep all employees informed of the progress of the group and of any developments which may be of interest or concern.

The employee newspaper, AMEC Times, is complemented by additional newsletters produced within certain subsidiary companies.

Other employee consultation arrangements continue. The Pensions Consultative Committee of the Staff Pension Scheme meets regularly and its meetings are reported in Pension News, which also carries information about the scheme and informative background articles. Pension Scheme members also receive personal benefit statements.

Further share options were granted in 1986 under the Savings Related Share Option Scheme in accordance with the group's declared objective of increasing employee awareness and participation in the business of the group.

The policy of the group is to consider for employment, promotion and training, all suitable candidates without discrimination on the grounds of race, sex, ethnic origin, religion or marital status.

It is also the policy of the group to consider for employment, equally with all other applicants, suitable disabled persons with the necessary abilities and aptitudes, recognising that special considerations are necessary, in view of their needs, for the group's main activities, to ensure that disabled persons employed by the group are given the training for the tasks they perform.

The health and safety at work of all employees continues to be a priority and the majority of the subsidiary companies and divisions have won British Safety Council awards during the year. Nevertheless, group safety policies and procedures have been extensively reviewed and revised in 1986 in an effort to achieve further improvement.

Donations

Charitable donations for the year amounted to £90,000 including £50,000 to the AMEC Charitable Trust. Charitable donations amounting to £65,000 in the year were made by the AMEC Charitable Trust.

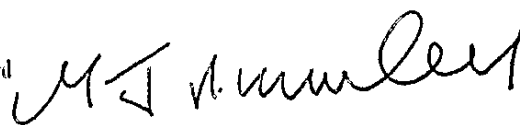
Status for taxation

As far as the directors are aware the close company provisions of the Income and Corporation Taxes Act 1970 do not apply to the company.

Auditors

The joint auditors are Armitage & Norton and Price Waterhouse. A resolution will be proposed at the annual general meeting to re-appoint them as joint auditors and to authorise the directors to fix their remuneration.

By order of the board
M J Bardsley
Secretary
1 April 1987



AMEC plc
**Consolidated Profit
and Loss Account**
FOR THE YEAR ENDED 31 DECEMBER 1986

	Note	1986 £million	1985 £million
Turnover	(2)	711.0	751.0
Cost of sales		635.8	672.2
Gross profit		75.2	78.8
Administrative expenses		48.9	59.5
Operating profit	(3)	26.3	19.3
Income from related companies	(6)	1.4	1.0
Income from investments	(7)	1.2	2.6
Net interest receivable	(8)	1.6	2.6
Profit on ordinary activities before taxation		30.5	25.5
Taxation on profit on ordinary activities	(9)	11.0	9.5
Profit on ordinary activities after taxation		19.5	16.0
Minority interests		0.2	0.2
Profit before extraordinary items		19.3	16.0
Extraordinary items	(10)	1.0	3.3
Profit for the financial year		18.3	12.7
Dividends	(11)	7.7	7.1
Transfer to reserve	(12)	10.6	5.6
Earnings per share	(13)	30.0p	24.8p
Dividends per share	(11)	12.0p	11.0p

The notes on pages 12 to 21 form part of these accounts.

Consolidated Balance Sheet

AT 31 DECEMBER 1986

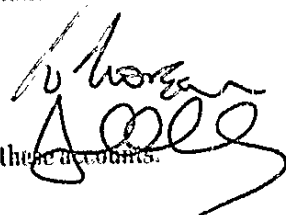
	Note	1986 £million	1986 £million	1985 £million	1985 £million
Fixed assets					
Tangible assets	(14)		71.9		67.6
Investments	(15)		14.0		3.6
			<u>85.9</u>		<u>71.2</u>
Current assets					
Stocks and work in progress	(16)	96.3		105.2	
Debtors	(17)	86.2		84.8	
Investments	(18)	0.1		0.7	
Cash at bank and in hand		44.1		49.1	
		<u>226.7</u>		<u>239.8</u>	
Creditors					
Amounts falling due within one year	(19)	189.6		195.7	
				<u>195.7</u>	
Net current assets			27.1		44.1
Total assets less current liabilities			<u>113.0</u>		<u>115.3</u>
Creditors					
Amounts falling due after more than one year	(20)	12.9		24.3	
Provision for liabilities and charges	(21)	—		0.4	
		<u>—</u>	12.9	<u>—</u>	24.7
			<u>100.1</u>		<u>90.6</u>
Capital and reserve					
Called up share capital	(22)		32.2		32.2
Profit and loss account	(23)		67.6		58.2
			<u>99.8</u>		<u>90.4</u>
Shareholders' funds			0.3		0.2
Minority interests			<u>100.1</u>		<u>90.6</u>

Approved by the board of directors
on 1 April 1987.

JWH Morgan, director

JD Early, director

The notes on pages 12 to 21 form part of these accounts.



Company Balance Sheet

AT 31 DECEMBER 1985

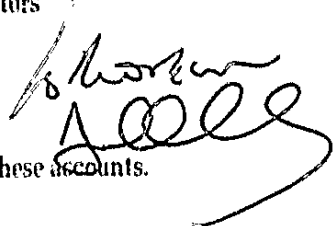
	Note	1986 £million	1986 £million	1985 £million	1985 £million
Fixed assets					
Tangible assets	(14)		0.7		1.1
Investments in subsidiary companies	(15)		85.9		82.7
Investments in related companies	(15)		10.1		
			<u>96.7</u>		<u>83.8</u>
Current assets					
Debtors	(17)	10.9		4.8	
Cash at bank and in hand		<u>33.4</u>		<u>37.1</u>	
		44.3		41.9	
Creditors					
Amounts falling due within one year	(19)	<u>34.2</u>		<u>28.4</u>	
Net current assets			10.1		13.5
Total assets less current liabilities			<u>106.8</u>		<u>97.3</u>
Creditors					
Amounts falling due after more than one year	(20)	7.0		6.5	
Provision for liabilities and charges	(21)	<u>—</u>		<u>0.4</u>	
			<u>7.0</u>		<u>6.9</u>
			<u>99.8</u>		<u>90.4</u>
Capital and reserve					
Called up share capital	(22)		32.2		32.2
Profit and loss account	(23)		<u>67.6</u>		<u>58.2</u>
Shareholders' funds			<u>99.8</u>		<u>90.4</u>

Approved by the board of directors
on 1 April 1987.

JWH Morgan, director

JD Early, director

The notes on pages 12 to 21 form part of these accounts.



AMEC plc
**Consolidated Statement
of Source and
Application of Funds**
FOR THE YEAR ENDED 31 DECEMBER 1985

	1986 £million	1986 £million	1985 £million	1985 £million
Source of funds:				
Profit on ordinary activities before taxation		30.5		25.5
Extraordinary items before taxation		(1.4)		(4.4)
		<u>29.1</u>		<u>21.1</u>
Items not involving the movement of funds:				
Depreciation	13.1		13.0	
Surplus on disposal of properties	(0.2)		(0.2)	
		<u>12.9</u>		<u>12.8</u>
Total generated from operations		<u>42.0</u>		<u>33.9</u>
Funds from other sources:				
Disposal of investments		0.6		11.0
Disposal of tangible assets		5.1		5.2
Disposal of related companies		—		0.9
Exchange and other adjustments		0.4		(2.5)
		<u>48.1</u>		<u>48.5</u>
Total funds generated				
Application of funds:				
Purchase of tangible assets		22.4		25.7
Investments in related companies		11.0		0.1
Purchase of goodwill		1.1		—
Dividends paid to shareholders		7.4		7.1
Movements in minority interests		0.1		0.1
Taxation paid		<u>5.5</u>		<u>6.3</u>
		<u>47.5</u>		<u>39.3</u>
Changes in working capital:				
Stocks and work in progress	(8.9)		18.9	
Debtors	1.4		(0.8)	
Creditors	2.3		(7.6)	
		<u>(5.2)</u>		<u>10.5</u>
Total funds applied		<u>42.3</u>		<u>49.8</u>
Excess of funds generated over funds applied		5.8		—
Excess of funds applied over funds generated		—		(1.3)
Net liquid funds at 1 January		47.1		48.4
Reclassification of U.S. dollar bank loan		(10.4)		—
Net liquid funds at 31 December		<u>42.5</u>		<u>47.1</u>

Notes to the Accounts

1 Accounting policies

Basis of presentation

Accounting convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of land and buildings.

Basis of consolidation

The group accounts include the accounts of AMEC p.l.c. and all its subsidiaries and the group's share of the results and net assets of related companies made up to 31 December each year. Certain overseas companies have been consolidated at original cost and profit recognition taken on a remittance basis.

The company has not presented its own profit and loss account as permitted by Section 228(7) of the Companies Act, 1985.

Turnover

Turnover represents sales and value of work done excluding all internal transactions within the group.

Depreciation

Depreciation is provided on all tangible assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its anticipated useful life, as follows:

Freehold buildings	50 years
Leasehold land and buildings	the lease term
Plant and equipment	mainly 3 to 5 years

Stocks and work in progress

Stocks and work in progress, other than long term contract work in progress, are stated at the lower of cost, including attributable overheads, and net realisable value.

Long term contract work in progress is stated at cost, plus attributable profits, less provision for any known or anticipated losses and payments on account received and receivable.

Research and development

Research and development expenditure is written off as incurred.

Deferred taxation

Provision is made for taxation deferred in respect of all timing differences except where it is considered there is reasonable probability that such taxation will not be payable in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of opening net assets of overseas companies are taken directly to reserves. All other translation differences are taken to the profit and loss account.

ANNEX 1
Notes to
the Accounts

[2] Turnover and profit before taxation	Turnover 1986 £million	Turnover 1985 £million	Profit 1986 £million	Profit 1985 £million
By principal activity:				
Building and civil engineering	361.4	347.3	17.2	15.0
Mechanical and electrical engineering	358.2	407.7	7.8	6.3
Property development and housing	26.0	20.5	5.5	4.2
	<u>745.6</u>	<u>775.5</u>	<u>30.5</u>	<u>25.5</u>
Elimination of internal trading and share of turnover of related companies	34.6	24.5	—	—
	<u>711.0</u>	<u>751.0</u>	<u>30.5</u>	<u>25.5</u>
Turnover by geographical area:			1986 £million	1985 £million
United Kingdom			602.7	627.5
Rest of Europe			14.4	15.6
Africa			14.5	13.3
Americas			48.9	58.5
Asia			8.1	10.6
Australasia			22.4	25.5
			<u>711.0</u>	<u>751.0</u>
[3] Operating profit			1986 £million	1985 £million
Operating profit is stated after charging:				
Depreciation			13.1	13.0
Wear of plant and equipment			14.6	17.7
Property lease rentals			2.3	3.1
Auditors' remuneration			0.7	0.9
[4] Directors' remuneration			1986 £million	1985 £million
Emoluments including pension contributions			<u>0.6</u>	<u>0.5</u>
The emoluments (excluding pension contributions) of the chairman amounted to £90,000 (1985: £75,000). The emoluments (excluding pension contributions) of the other directors fell within the following ranges:				
£			Number	Number
5,001 - 10,000			—	1
10,001 - 15,000			2	1
15,001 - 20,000			1	1
20,001 - 25,000			1	—
40,001 - 45,000			1	2
45,001 - 50,000			—	2
50,001 - 55,000			1	1
55,001 - 60,000			1	—
60,001 - 65,000			1	1
65,001 - 70,000			1	—
80,001 - 85,000			1	—

Notes to the Accounts

[5] Staff costs	1986	1985
	£million	£million
Wages and salaries	191.7	204.8
Social security costs	17.9	16.5
Other pension costs	5.8	4.8
	<u>215.4</u>	<u>226.1</u>
	Number	Number
	<u>16,098</u>	<u>18,120</u>
The average weekly number of employees during the year was		
Senior employees of the group, who performed their duties mainly in the United Kingdom, received remuneration within the following ranges:		
£	Number	Number
30,001 - 35,000	25	25
35,001 - 40,000	11	11
40,001 - 45,000	5	5
45,001 - 50,000	3	4
50,001 - 55,000	3	2
55,001 - 60,000	—	1
60,001 - 100,000	—	1
[6] Income from related companies	1986	1985
	£million	£million
Share of profits	0.2	1.0
Interest receivable	1.2	—
	<u>1.4</u>	<u>1.0</u>
[7] Income from investments	1986	1985
	£million	£million
Net surplus on disposal of listed investments	0.9	2.4
Dividends from listed investments	0.3	0.2
	<u>1.2</u>	<u>2.6</u>
[8] Net interest receivable	1986	1985
	£million	£million
Interest receivable:		
Bank and short term deposits	3.6	4.8
Other	0.2	0.3
Interest payable:		
Loan stock 1992	(1.0)	(1.0)
Bank loans and overdrafts and other loans repayable within five years	(1.2)	(1.5)
	<u>1.6</u>	<u>2.6</u>

AMLC plc
Notes to
the Accounts

[9] Taxation on profit on ordinary activities

1986 £million	1985 £million
------------------	------------------

The taxation charge is made up as follows:

Based on the profit for the year:

Corporation tax	11.8	11.3	
Deferred taxation	0.1	(1.1)	
	11.9	10.2	
Double taxation relief	(0.2)	(0.1)	
	11.7	10.1	
Overseas taxation	0.5	0.9	
	12.2	11.0	
Taxation over-provided in previous years	(1.3)	(1.7)	
Related companies	0.1	0.2	
	11.0	9.5	

Taxation for the year has been provided at the rate of 36.25% (1985-41.25%).

Approximate amount of losses available in subsidiary companies to carry forward against future taxable trading income subject to agreement of the appropriate taxation authorities

8.3	5.6
-----	-----

[10] Extraordinary items

1986 £million	1985 £million
------------------	------------------

Closure and reorganisation costs
Related taxation credit

1.4	4.4
0.4	1.1
1.0	3.3

[11] Dividends

	1986 pence per share	1986 £million	1985 pence per share	1985 £million
Interim paid	4.5	2.9	4.0	2.6
Final proposed	7.5	4.8	7.0	4.5
	12.0	7.7	11.0	7.1

Notes to the Accounts

[12] Transfer to reserve

	1986 £million	1985 £million
Dealt with in the accounts of the holding company	<u>10.6</u>	<u>5.6</u>

[13] Earnings per share

The calculation of earnings per share is based on earnings of £19.3 million (1985 - £16.0 million) and on 64,426,689 (1985 - 64,426,417) shares being the weighted average number of shares in issue during the year.

[14] Tangible assets

	Group Land and buildings £million	Group Plant and equipment £million	Group Total £million	Company Plant and equipment £million
Cost or valuation:				
At 1 January 1986	30.3	96.0	134.3	3.0
Exchange adjustment	—	(0.3)	(0.3)	—
Additions and transfers	8.0	14.4	22.4	0.2
Disposals and transfers	(1.0)	(13.3)	(14.3)	(0.6)
At 31 December 1986	<u>45.3</u>	<u>96.8</u>	<u>142.1</u>	<u>2.6</u>
Depreciation:				
At 1 January 1986	5.3	61.4	66.7	1.9
Exchange adjustment	—	(0.2)	(0.2)	—
Provided during the year	1.1	12.0	13.1	0.6
Disposals and transfers	(0.5)	(8.9)	(9.4)	(0.6)
At 31 December 1986	<u>5.9</u>	<u>64.3</u>	<u>70.2</u>	<u>1.9</u>
Net book value:				
At 31 December 1986	<u>39.4</u>	<u>32.5</u>	<u>71.9</u>	<u>0.7</u>
At 31 December 1985	<u>33.0</u>	<u>34.6</u>	<u>67.6</u>	<u>1.1</u>

AMEX plc
Notes to
the Accounts

(14) Tangible assets (continued)

The net book value of land and buildings comprises:

	Group 1986 £million	Group 1985 £million
Freehold	34.2	28.2
Long leasehold	4.6	4.1
Short leasehold	0.6	0.7
	<u>39.4</u>	<u>33.0</u>

Land and buildings are stated at:

Valuation 1960	—	0.2
Valuation 1974	4.2	5.6
Valuation 1978	2.1	2.4
Valuation 1986	13.6	—
Cost	<u>25.4</u>	<u>30.1</u>
	<u>45.3</u>	<u>38.3</u>

Investment properties were valued as at 31 December 1986 by Hillier Parker on an open market basis in the sum of £13.6 million.

No provision has been made for the contingent tax liability which may arise in the event that certain properties are disposed of at their revalued amounts

The amount of land and buildings, included above at valuation, determined according to the historical cost accounting rules is as follows:

Cost	17.7	5.5
Depreciation	<u>0.6</u>	<u>0.7</u>
Net book value	<u>17.1</u>	<u>4.8</u>

Fixed assets not depreciated:

Investment properties	13.6	11.3
Land	5.5	4.5
Assets in the course of construction	<u>2.3</u>	<u>—</u>
	<u>21.4</u>	<u>15.8</u>

(15) Investments (held as fixed assets)

Investments in subsidiary companies:

	Company 1986 £million	Company 1985 £million
Shares at valuation	130.9	122.2
Amounts owed by subsidiary companies	127.7	108.7
Amounts owed to subsidiary companies	<u>(172.7)</u>	<u>(148.2)</u>
	<u>85.9</u>	<u>82.7</u>

Investments in subsidiary companies are stated at the net asset value attributable to the company.

Notes to the Accounts

(15) Investments (held as fixed assets) (continued)

	Group £million	Company £million
Investments in related companies:		
Net book value at 1 January 1986	2.1	—
Additions	11.0	10.5
Transfer from unlisted investments	1.5	—
Other movements	(0.6)	(0.4)
Net book value at 31 December 1986	<u>14.0</u>	<u>10.1</u>
Represented by:		
Shares at cost less amounts written off	4.1	0.2
Loans	10.3	10.3
Share of post acquisition reserves	(0.4)	(0.4)
	<u>14.0</u>	<u>10.1</u>
Unlisted investments:		
Net book value at 1 January 1986	1.5	—
Transfer to related companies	(1.5)	—
Net book value at 31 December 1986	<u>—</u>	<u>—</u>

Principal group companies are listed on page 22.

(16) Stocks and work in progress

	Group 1986 £million	Group 1985 £million
Long term contract work in progress	66.8	61.0
Raw materials and consumables	7.6	8.3
Other work in progress	4.6	10.3
Finished goods and goods for resale	4.9	5.6
Property development land and work in progress	12.4	20.0
	<u>96.3</u>	<u>105.2</u>
Long term contract work in progress is stated after deduction of amounts received and receivable of	<u>1,011.5</u>	<u>1,067.0</u>

The inclusion of attributable profit on long term contract work in progress is in accordance with Statement of Standard Accounting Practice No. 9. This constitutes a departure from the statutory valuation rules for current assets but is required by S.228(5) Companies Act 1985 to enable the accounts to give a true and fair view. As progress payments cannot meaningfully be allocated between cost and profit, it is impracticable to determine the effect of the departure on the balance sheet carrying amount of long term contract work in progress.

Notes to the Accounts

[17] Debtors	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Amounts falling due within one year:				
Trade debtors	69.7	71.6	—	—
Amounts owed by subsidiary companies	—	—	0.8	1.8
Amounts owed by related companies	8.8	0.3	8.5	0.3
Other debtors	3.9	5.2	1.0	2.2
Prepayments and accrued income	3.8	4.1	0.6	0.5
	<u>86.2</u>	<u>84.8</u>	<u>10.9</u>	<u>4.8</u>
[18] Investments (held as current assets)	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Listed investments:				
Cost	<u>0.1</u>	<u>0.7</u>	<u>—</u>	<u>—</u>
Market value	<u>0.1</u>	<u>0.8</u>	<u>—</u>	<u>—</u>
[19] Creditors	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Amounts falling due within one year				
Bank loans and overdrafts	1.6	2.0	—	—
Trade creditors	139.3	133.6	4.1	4.8
Amounts owed to subsidiary companies	—	—	0.3	0.7
Amounts owed to related companies	0.2	0.3	—	—
Corporation tax	23.8	18.0	23.6	17.5
Other taxation and social security costs	7.4	9.8	0.2	0.4
Other creditors	7.3	9.6	0.3	—
Accruals and deferred income	15.2	17.9	0.9	0.5
Proposed dividend	4.8	4.5	4.8	4.5
	<u>199.6</u>	<u>195.7</u>	<u>34.2</u>	<u>28.4</u>
[20] Creditors	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Amounts falling due after more than one year				
Loan stock 1992	6.5	6.5	6.5	6.5
US dollar bank loan	—	10.4	—	—
Other loans	0.4	0.4	—	—
Other creditors	6.0	7.0	0.5	—
	<u>12.9</u>	<u>24.3</u>	<u>7.0</u>	<u>6.5</u>

The 15% unsecured loan stock 1992 can be redeemed on 31 March 1988 and/or 31 March 1990 at par at the option of stockholders; any loan stock not so redeemed will be redeemed at par on 31 December 1992.

Notes to the Accounts

21 Provision for liabilities and charges

	Group £million		Company £million	
Deferred taxation				
Balance at 1 January 1986		0.4		0.4
Deferred taxation credit		(0.5)		(0.5)
Other movements		0.1		0.1
Balance at 31 December 1986		—		—
	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Accelerated capital allowances	4.2	6.3	4.2	6.3
Other timing differences	(2.4)	(4.1)	(2.4)	(4.1)
Recoverable advance corporation tax	(1.9)	(1.8)	(1.8)	(1.8)
Provided in accounts	—	0.4	—	0.4
Not provided in accounts:				
Accelerated capital allowances	1.4	1.3	1.4	1.3
Other timing differences	(0.7)	—	(0.7)	—
Total potential liability	0.7	1.7	0.7	1.7

No provision has been made in these accounts for taxation on undistributed earnings of foreign subsidiaries.

22 Share capital

	Authorised 1986 Number	Authorised 1985 Number	Allotted, called up and fully paid 1986 £million	Allotted, called up and fully paid 1985 £million
Ordinary shares of 50p each	86,000,000	86,000,000	32.2	32.2

In 1986 share options were granted in respect of 123,570 ordinary shares under the Savings Related Share Option Scheme and in respect of 302,000 ordinary shares under the Executive Share Option Scheme.

At 31 December 1986 share options were outstanding as follows:

	Option price per share	Number of shares
Savings Related Share Option Scheme		
Normally exercisable in the period between:		
September 1990 and February 1991	227p	517,962
July 1991 and December 1991	252p	120,635
Executive Share Option Scheme		
Normally exercisable in the period between:		
September 1988 and September 1995	237p	377,000
April 1989 and April 1996	260p	302,000

During the year 679 ordinary shares were allotted at 227p per ordinary share relating to options exercised under the Savings Related Share Option Scheme.

AMEC plc
Notes to
the Accounts

(23) Reserve	Group £million	Company £million
Distributable: Profit and loss account		
At 1 January 1986	58.2	58.2
Retained profit for year	10.6	10.6
Goodwill	(1.1)	(1.1)
Exchange and other adjustments	(0.1)	(0.1)
At 31 December 1986	<u>67.6</u>	<u>67.6</u>

(24) Capital commitments	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Contracted but not provided in accounts	<u>2.6</u>	<u>2.4</u>	<u>0.2</u>	<u>—</u>
Authorised by the directors but not contracted	<u>9.5</u>	<u>2.3</u>	<u>—</u>	<u>—</u>

(25) Lease commitments	Group 1986 £million	Group 1985 £million
Current annual commitments payable under non-cancellable leases expiring:		
Within one year	0.5	0.7
Between two and five years	0.8	0.6
After five years	1.7	1.9
	<u>3.0</u>	<u>3.2</u>

(26) Contingent liabilities	Group 1986 £million	Group 1985 £million	Company 1986 £million	Company 1985 £million
Guarantees given in respect of borrowings of subsidiary and related companies	<u>3.0</u>	<u>4.2</u>	<u>1.3</u>	<u>11.7</u>

The parent and certain subsidiary companies have given counter indemnities in respect of performance bonds in the normal course of business.

(27) Pension arrangements

The group operates pension schemes under which contributions paid by employees and employers are held in funds that are separate from the group's finances and which are administered by trustees. All the schemes are satisfactorily funded on a discontinuance basis.

AMEC p.l.c.
Principal
Group Companies

AT 31 DECEMBER 1988

Subsidiary companies

AMEC Construction Services Limited
AMEC International Construction
Limited, operating outside the UK
AMEC Investments Limited
AMEC Overseas Investments Limited
AMEC Projects Limited
AMEC Properties Limited
*Atlantic Services Limited, incorporated
in Bermuda
*AUST-AMEC Pty Limited, incorporated
in Australia
CV Buchan (Concrete) Limited
Denco Limited
Fairclough Building Limited
Fairclough Civil Engineering Limited
Fairclough Engineering Limited
Fairclough International Construction
Limited, operating outside the UK
Fairclough-Parkinson Mining Limited
Fairclough Scotland Limited, incorporated
in Scotland
*The Fisk Group Inc., incorporated
in the USA
Metal and Pipeline Endurance Limited
Press Construction Limited
Press (Great Yarmouth) Limited (76%)
Press International Construction Limited,
operating outside the UK
Press Offshore Limited
James Scott (Electrical Transmission)
Limited, operating outside the UK
James Scott Mechanical and Electrical
Services Limited, incorporated in Scotland
Robert Watson & Co. (Constructional
Engineers) Limited
Robert Watson & Co. (Steelwork) Limited
*Wentworth Club Limited

Related companies

Fairclough Homes Limited (50%) (Note 4)
*Gulliver Consolidated Limited,
incorporated in Zimbabwe (45%) (Note 5)
*Power Securities Limited, incorporated in
the Republic of Ireland (22%) (Note 6)
Worley Santa Fe Limited (51%) (Note 7)

Notes

- 1 These companies together with their subsidiary and related companies are, in the opinion of the directors, those principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the companies are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capital is in ordinary shares except Robert Watson & Co. (Constructional Engineers) Limited which also has preference shares.
- 3 Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiary companies.
- 4 The issued share capital of Fairclough Homes Limited is £10,000 divided into 10,000 ordinary shares of £1 each.
- 5 The issued share capital of Gulliver Consolidated Limited is 3,482,450 Zimbabwean dollars divided into 6,964,900 shares of 50 cents each.
- 6 The issued share capital of Power Securities Limited is 3,039,584 punts divided into 3,039,584 ordinary shares of 1 punt each.
- 7 AMEC p.l.c. owns 51% of the issued share capital of Worley Santa Fe Limited but does not control the board of directors. In accordance with the provisions of sections 21(b) and 24 of Statement of Standard Accounting Practice no.14 - Group Accounts, the investment in Worley Santa Fe Limited has been accounted for under the equity method of accounting as a related company. The aggregate amount of the total investment of AMEC p.l.c. in Worley Santa Fe Limited at 31 December 1988 was £663,000.

AMEC p.l.c.

**Report of
the Auditors**
TO THE MEMBERS OF AMEC p.l.c.

We have audited the financial statements
on pages 8 to 21 in accordance with
approved Auditing Standards.

In our opinion the financial statements
give a true and fair view of the state of
affairs of the company and the group at
31 December 1986 and of the profit and
source and application of funds of the
group for the year then ended and comply
with the Companies Act 1985.

Armitage & Norton
Chartered Accountants
Leeds

Price Waterhouse
Chartered Accountants
London

1 April 1987

Armitage & Norton

Price Waterhouse

Statistics

FOR THE TEN YEARS ENDED 31 DECEMBER 1985

	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Consolidated results										
Turnover	<u>711.0</u>	<u>751.0</u>	<u>686.7</u>	<u>715.3</u>	<u>263.5</u>	<u>245.0</u>	<u>264.1</u>	<u>237.5</u>	<u>233.0</u>	<u>170.1</u>
Profit before taxation	30.5	25.5	27.1	26.1	16.5	13.4	10.3	10.2	9.6	6.9
Taxation	<u>(11.0)</u>	<u>(9.5)</u>	<u>(7.6)</u>	<u>(8.1)</u>	<u>(5.7)</u>	<u>(3.9)</u>	<u>8.3</u>	<u>(3.1)</u>	<u>(4.7)</u>	<u>(3.5)</u>
Profit after taxation	19.5	16.0	19.5	18.0	10.8	9.5	18.6	7.1	4.9	3.4
Extraordinary items	<u>(1.2)</u>	<u>(3.3)</u>	<u>0.1</u>	<u>(1.4)</u>	<u>(2.9)</u>	<u>0.8</u>	<u>(0.5)</u>	-	<u>(0.9)</u>	-
Attributable profit	18.3	12.7	19.6	16.6	7.9	10.3	18.1	7.1	4.0	3.4
Dividends	<u>(7.7)</u>	<u>(7.1)</u>	<u>(7.1)</u>	<u>(6.4)</u>	<u>(5.3)</u>	<u>(2.4)</u>	<u>(2.0)</u>	<u>(1.8)</u>	<u>(1.5)</u>	<u>(0.9)</u>
Retained in business	<u>10.6</u>	<u>5.6</u>	<u>12.5</u>	<u>10.2</u>	<u>2.6</u>	<u>7.9</u>	<u>16.1</u>	<u>5.3</u>	<u>2.5</u>	<u>2.5</u>
<i>Earnings per share</i>	<i>30.0p</i>	<i>24.0p</i>	<i>29.6p</i>	<i>27.9p</i>	<i>34.0p</i>	<i>28.0p</i>	<i>18.8p</i>	<i>16.0p</i>	<i>11.0p</i>	<i>9.0p</i>
<i>Dividends per share</i>	<i>12.0p</i>	<i>11.0p</i>	<i>11.0p</i>	<i>10.0p</i>	<i>9.0p</i>	<i>5.5p</i>	<i>4.5p</i>	<i>4.0p</i>	<i>3.5p</i>	<i>2.5p</i>
Summarised consolidated balance sheets										
Assets employed:										
Fixed assets	65.9	71.2	66.0	71.3	73.1	51.1	41.7	40.6	33.5	24.5
Net current assets	<u>27.1</u>	<u>44.1</u>	<u>45.3</u>	<u>34.5</u>	<u>24.3</u>	<u>8.3</u>	<u>9.3</u>	<u>5.8</u>	<u>5.0</u>	<u>0.7</u>
	<u>113.0</u>	<u>115.3</u>	<u>111.3</u>	<u>105.8</u>	<u>97.4</u>	<u>59.4</u>	<u>51.0</u>	<u>46.4</u>	<u>38.5</u>	<u>25.2</u>
Financed by:										
Share capital	32.2	32.2	32.2	32.2	32.2	11.0	11.0	11.0	11.0	9.4
Reserve	<u>67.6</u>	<u>58.2</u>	<u>53.8</u>	<u>41.3</u>	<u>33.8</u>	<u>44.4</u>	<u>38.0</u>	<u>21.9</u>	<u>16.7</u>	<u>9.7</u>
Shareholders' funds	99.8	90.4	86.0	73.5	66.0	55.4	49.0	32.9	27.7	19.1
Minority interests	0.3	0.2	0.4	1.6	1.8	-	-	0.1	0.1	-
Loan stock	6.5	6.5	6.5	9.6	10.2	-	-	-	-	-
Loans and other creditors	6.4	17.8	16.6	14.0	11.9	-	1.0	2.0	1.7	0.3
Deferred taxation	-	<u>0.4</u>	<u>1.8</u>	<u>7.1</u>	<u>7.5</u>	<u>4.0</u>	<u>1.0</u>	<u>11.4</u>	<u>9.0</u>	<u>5.8</u>
	<u>113.0</u>	<u>115.3</u>	<u>111.3</u>	<u>105.8</u>	<u>97.4</u>	<u>59.4</u>	<u>51.0</u>	<u>46.4</u>	<u>38.5</u>	<u>25.2</u>

Notes

- Dividends and earnings per share have been adjusted for capital issues.
- The figures are stated in accordance with the accounting policies set out on page 12 except that:
 - No restatement prior to 1978 has been made for the change in accounting policy on deferred taxation.
 - No restatement prior to 1982 has been made for the change in accounting policy on related companies.
- Amount retained in business in 1983 is stated before the adjustment of £2.4 million to deferred taxation arising from change in legislation.
- Taxation for 1980 includes a credit of £10.3 million which has been excluded in computing the earnings per share for that year of 18.8p.