

**AMEC**

ANNUAL REPORT AND ACCOUNTS 1991





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## Group Strategy

The AMEC group has a comprehensive engineering, construction and development capability.

Our breadth and depth of resource give us the strength and flexibility to:

- *respond effectively to changing client requirements*
- *adapt our services to meet every need*
- *resist cyclical change*
- *innovate and create opportunity.*

We aim to enhance the breadth of our integrated capability throughout the world.

We will continue to offer the highest quality of service, products and management, basing our growth on a sound foundation of financial prudence.

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The main principles of our strategy are to:

- *offer our clients the broadest possible range of engineering, construction and development services*
- *ensure that every service offered is the best in its market*
- *offer our services wherever our clients need them worldwide.*



## AMEC p.l.c. Chairman's Statement



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The performance of the group in 1991 shows a 21 per cent reduction in operating profit after interest by comparison with the 1990 result.

The principal decrease has been in our housing and property businesses to which I will refer later.

Although we are clearly disappointed by the decline in overall profitability, this is a good performance in the face of the worst recession our industry has experienced for 50 years. In particular I would highlight the excellent performance of our process and energy sector and our heavy mechanical, electrical and civil engineering companies. The quality of the underlying performance in our core businesses and our confidence in the group's ability to sustain its dividend policy is clearly demonstrated by the directors' decision to maintain the final dividend of 6.25p per ordinary share giving a total for the year of 10.25p.

The breadth and quality of our services have been thoroughly tested in a difficult marketplace - and not only in the United Kingdom. The United States of America Australia and many parts of Europe are also experiencing very deep recessions with a marked impact on the engineering and construction sectors.

Market conditions remain difficult in 1992 with investor confidence in capital projects at a low ebb. However, AMEC is fundamentally strong. At the year end, our group held over balances of £149 million gross (£76 million net). Our order book overall is only 11 per cent down on the same time last year, principally because of our strong position in the oil, gas and petrochemical industries. By comparison, our order book in plant and building services is 28 per cent down, reflecting our determination to accept lower volumes rather than lower margins.



The quality of our order book, coupled with our strong cash balances, continues to allow us to examine new investment opportunities in markets which are strong both at home and overseas. As a result, despite the worldwide recession, we view the present as a time of significant opportunity.

There is no doubt that our commitment to a strong, broadly based engineering and construction capability is proving its worth. Our performance reflects continued investment in technology, in value engineering and in quality of service. That investment has further enhanced our flexibility and our responsiveness to customer needs, enabling us to take increasing advantage of strong markets on an international basis.

The year has seen major strides in the evolution of AMEC as a truly European business. We now have good bases in Holland, Belgium, France, Germany, Italy, Spain and Portugal. This is where our future lies.

At the same time we have strengthened our position in South East Asia, with our headquarters in Hong Kong reinforced by a base in Singapore from which we can access opportunities throughout this area. This enables us to service our clients much more comprehensively, through the free movement of technology and management resources on a global basis.

Returning now to the adverse performance in our housing and property sector, our view is that both activities will remain weak in the medium-term. It was clearly appropriate, therefore, to review the overall level of capital employed in this area. As a result, the businesses have been rationalised and a comprehensive reappraisal of land and property values undertaken, resulting in an exceptional charge of £60 million. It is our view that this is an adequate provision taking account of current and forecast market conditions.

As I have stated previously, we neither need nor intend to initiate major property disposals in the current market. What we have done is to reappraise the basis of our involvement in development activity and in future this will be confined to schemes which

do not require major long-term capital commitment. Resources will, therefore, be available for investment in areas with stronger medium and long-term prospects. As I review the events of 1991, I take pleasure in offering our thanks to three retiring directors of the group, Bill Morgan, Ray Mott and Sir George Jefferson.

Bill Morgan was chairman of AMEC p.l.c. from 1984 to 1988. Ray Mott joined Fairclough Building Limited in 1976 and was appointed to the group main board in 1984, later becoming chairman of the building and civil engineering sector. Sir George, formerly chairman of Matthew Hall PLC, joined AMEC as a non-executive director on the merger in 1988.

We are grateful to each of them for their commitment to the group's progress and we wish them well in the future.

At the same time, we welcome Sir John Nott as a non-executive director. His breadth of experience in both public and private sectors will be of great value to us as we continue to move forward.

As always, the real strength of our group lies in its people, all of whom have worked enormously hard to secure the group's current strong position in the European market. The next few years will create significant opportunities for them as we climb out of this deep recession which has affected almost all of our activities.

Their loyalty and commitment is outstanding and I am very grateful to all of them for their continued support and enthusiasm.

Alan Cockshaw, F Eng  
Chairman



## AMEC p.l.c. Results

	1991 £ million	1990 £ million
Turnover	2,338.2	2,218.3
Profit before exceptional item	50.1	63.4
(Loss) profit on ordinary activities before taxation	(9.9)	63.4
(Loss) profit on ordinary activities after taxation	(9.9)	42.2
Shareholders' funds	350.5	299.2
<i>Earnings per ordinary share before exceptional item</i>		
<i>Diluted</i>	<i>12.3p</i>	<i>17.5p</i>
<i>Undiluted</i>	<i>11.8p</i>	<i>20.8p</i>
<i>(Loss) earnings per ordinary share after exceptional item</i>		
<i>Diluted</i>	<i>(3.2p)</i>	<i>17.5p</i>
<i>Undiluted</i>	<i>(11.9p)</i>	<i>20.8p</i>
<i>Dividends per ordinary share</i>	<i>10.25p</i>	<i>10.125p</i>

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## Financial Calendar

### Publication of results and annual general meeting

The group's results will normally be published at the following times:

Interim report for half year to 30 June	early September
Preliminary profit announcement for year to 31 December	late March/early April
Report and accounts for year to 31 December	mid May
Annual general meeting	mid June

### Dividends and interest payable

Interim ordinary dividend	late December
Final ordinary dividend	early July
Convertible preference dividends	1 May and 1 November
Loan stock interest	30 June and 31 December
Loan note interest	31 May and 30 November



## The Organisation

<i>Eric Swainson, aged 65, was appointed a director of AMEC on 20 July 1987. He was previously managing director of IMI p.l.c.</i>	<i>Sir Oswald Davies, aged 71, was previously chairman of Fairclough Construction Group p.l.c. and chairman of AMFC from its formation through to 31 July 1984</i>	<i>Ron Peet, aged 66, was appointed a director of AMEC on 1 January 1984. He was previously chief executive of Legal &amp; General Group p.l.c.</i>	<i>Malcolm Hawe, aged 52, was appointed a director of AMEC on 8 February 1989</i>	<i>Ian Bateman, aged 51, was appointed a director of AMEC on 2 February 1983</i>	<i>David Hobson, aged 46, was appointed a director of AMEC on 14 August 1991</i>
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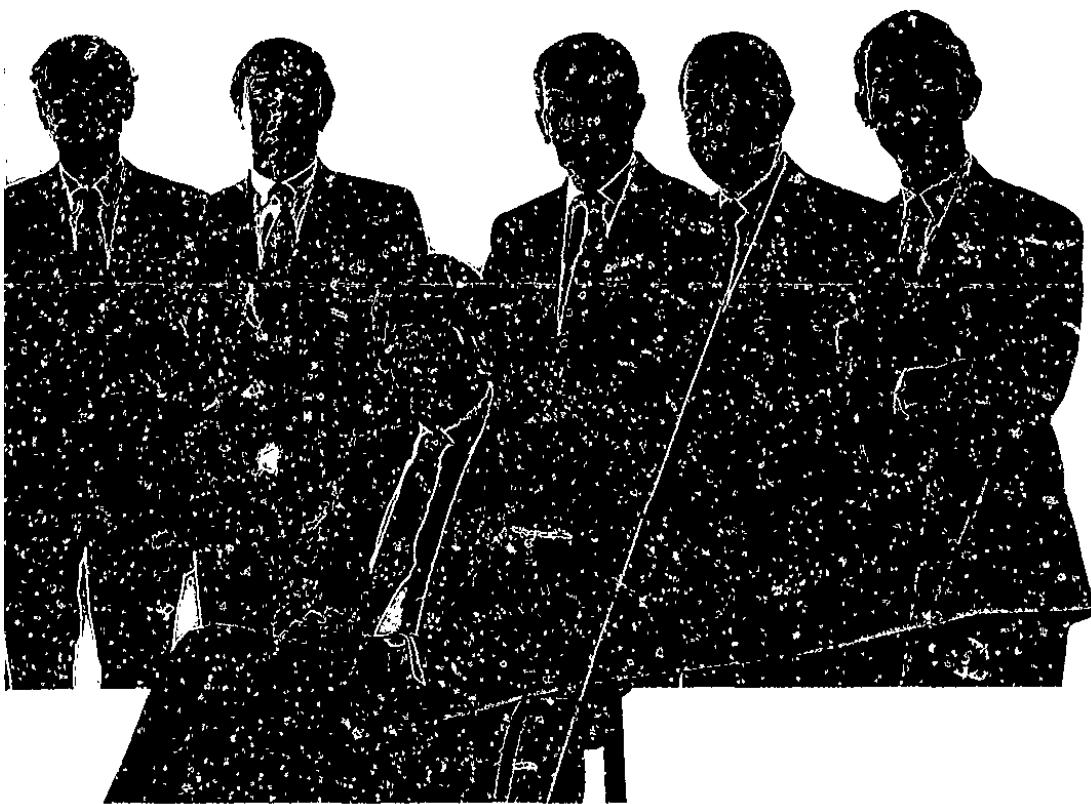
Sir John Nott,  
aged 60, was  
appointed a  
director of  
AMEC on  
1 January 1992. He  
was previously  
chairman and  
chief executive  
of Lazard Brothers  
and Co

Dennis Clark,  
aged 44, was  
appointed a  
director of  
AMEC on  
20 April 1990

John Belerton,  
aged 50, was  
appointed a  
director of  
AMEC on  
25 November 1982  
and became  
chief executive  
on 19 May 1988

Rudi Kisjes,  
aged 49, was  
appointed  
a director of  
AMEC on  
2 January 1986

John Early,  
aged 46, was  
appointed a  
director of  
AMEC on  
31 March 1986



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Alan Cockshaw,  
aged 54, was  
appointed a  
director of  
AMEC on  
20 December 1983  
and became  
chairman on  
19 May 1988



## People - AMEC's Vital Resource



Saturn House, Cheshire

Main board director Ian Bateman

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*"AMEC believes that the development of employees throughout the group and their ability and readiness to take the opportunities open to them is essential to our future growth and success."*

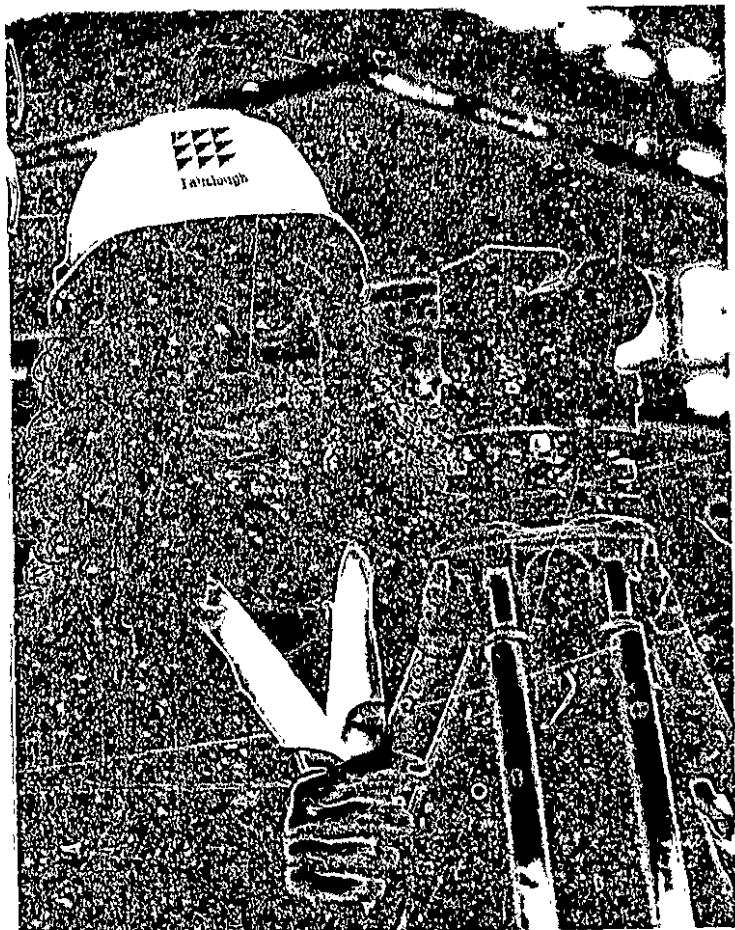
Despite the economic recession during 1991, AMEC's investment in the training and development of its staff continued at all levels.

As forecast last year, the group has linked with City University and London Business School and launched new management programmes. These courses are designed to enhance management development and potential throughout the group and are targeted at present and future directors and senior managers.

An integrated identity has been created through the group training and development programmes and literature to provide consistency and visibility to employees.

AMEC's recruitment of graduates has continued and the group's involvement with university sponsorship has increased. A substantial number of students can now train within the group, developing their technical skills and knowledge of AMEC's industry before they graduate. They are given employment priority as suitable positions become available.

Overall the numbers employed by the group have shrunk marginally. In the current climate it was inevitable that there would be



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redundancies within parts of the group but this has been offset, to some extent, by the continued development of the international dimension within AMEC.

Opportunities are now being taken to broaden the experience of employees within AMEC's operations in Europe, South East Asia and the United States. The group confidently expects this trend to continue. AMEC has a commitment to the principles and the implementation of equality of opportunity in recruitment, training and development for all staff. Employees' careers are determined solely on the basis of merit.

AMEC believes that good communication is vital in building the team spirit essential for the success of the group. During 1991 the regional conferences which had been launched successfully in 1990, were repeated and extended on the theme of 'Growing Together'.

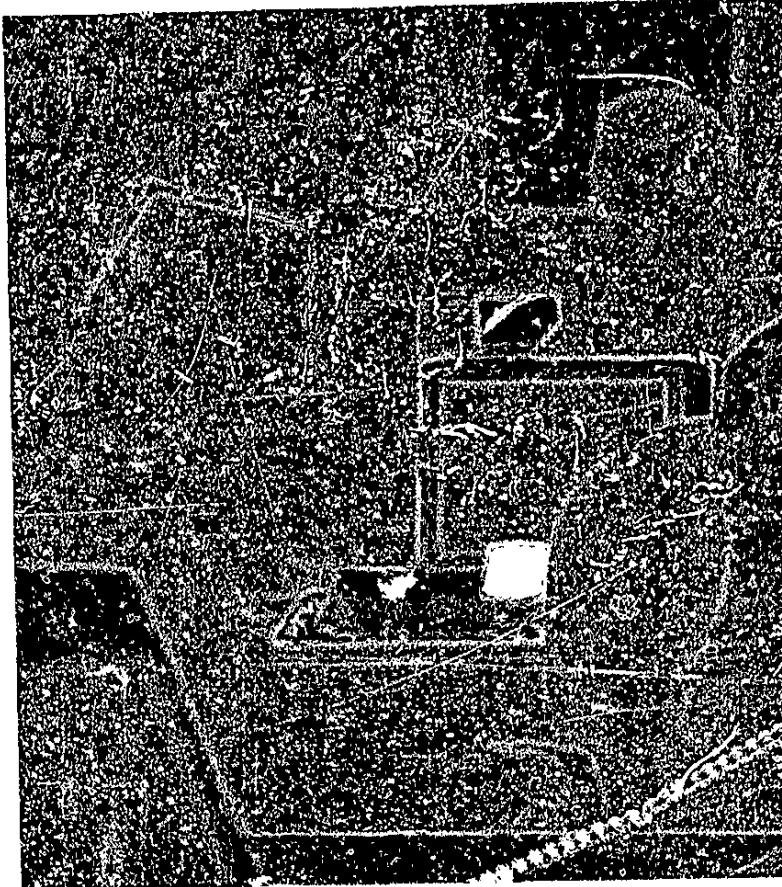
They were attended by more than 500 directors and senior executives, and individual businesses followed up these conferences with their own communication initiatives. High profile coverage was given to the conferences in *AMEC Times* which is distributed to all employees in the group. This employee newspaper also produced



special editions relating to the annual results and the 1990 survey of employee attitudes. *The Annual Report and Accounts* for 1990 itself won an award for its overall quality.

In April, the AMEC Staff Pension Scheme, the Matthew Hall Pension and Life Assurance Scheme and The IDC Group Limited Retirement Benefits Scheme were merged, using the AMEC Staff Pension Scheme as the host scheme. Special booklets were produced to explain the situation to staff and regional meetings were arranged to enable members of the existing Matthew Hall and IDC schemes to learn more about the AMEC scheme.

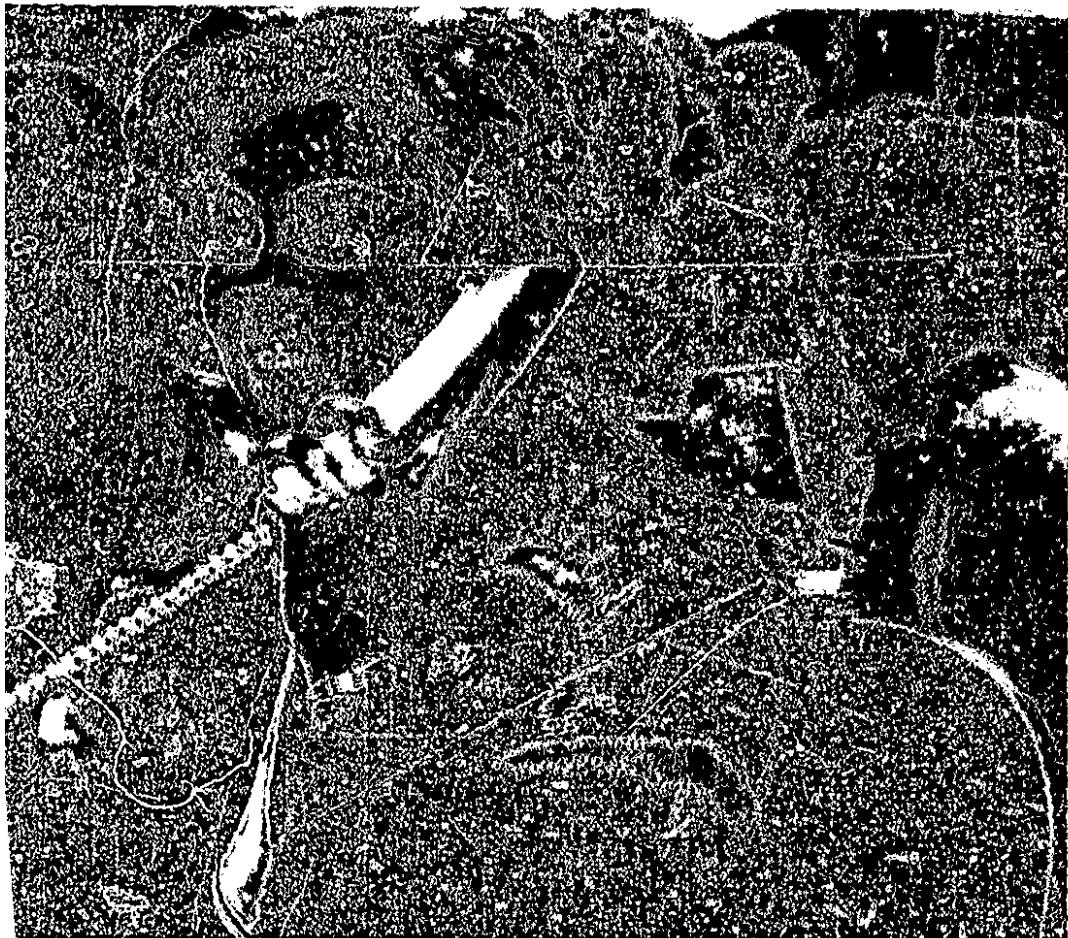
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Approximately 800 members attended the meetings and nearly all took the opportunity to join the AMEC scheme.

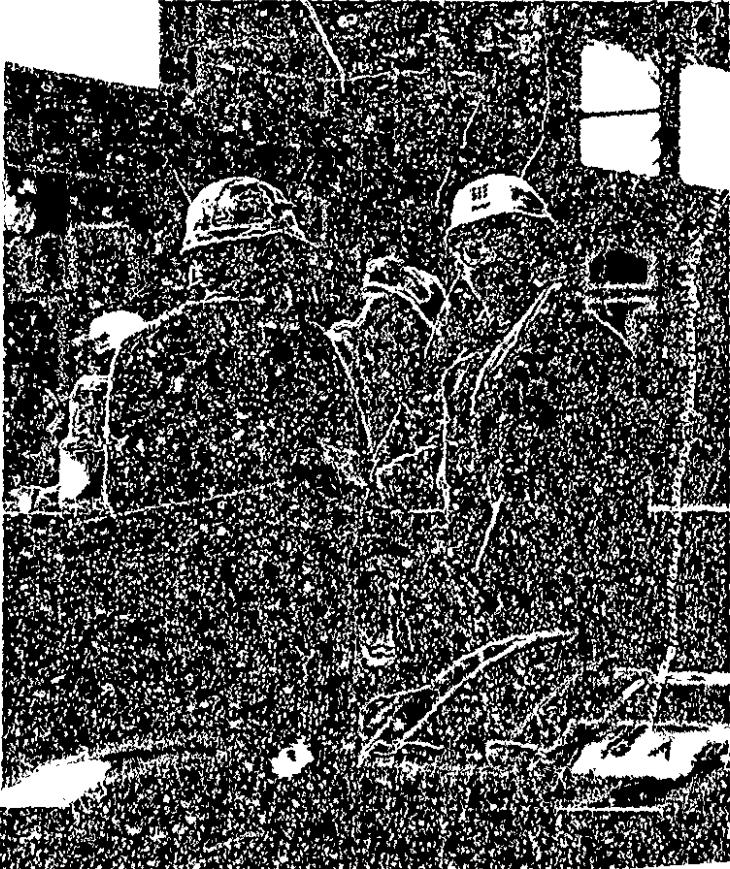
In 1991 AMEC supported a range of charities through the AMEC Charitable Trust. Groups and individuals throughout AMEC also gave significant self generated support to good causes and charities by participating in a range of fund raising events.

Health and safety have remained a high priority within AMEC, resulting in an accident rate which has been well below the average for the construction industry. The field of environmental protection received equal recognition with resources allocated to ensure that both managers and operatives became more aware of their



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responsibilities to the environment within which they work and live. During the past year safety training attained even greater levels of involvement than before with more than 4,500 employees undergoing safety training and 178 directors and managers attending the five day Institution of Occupational Safety and Health Foundation course. Safety officers received specialist training to assist with their work. AMEC's leading position in practically every area of its markets owes much to the breadth of vision and flexibility of operation provided by the group's skilled and dedicated workforce. Their development is key to AMEC's future success.

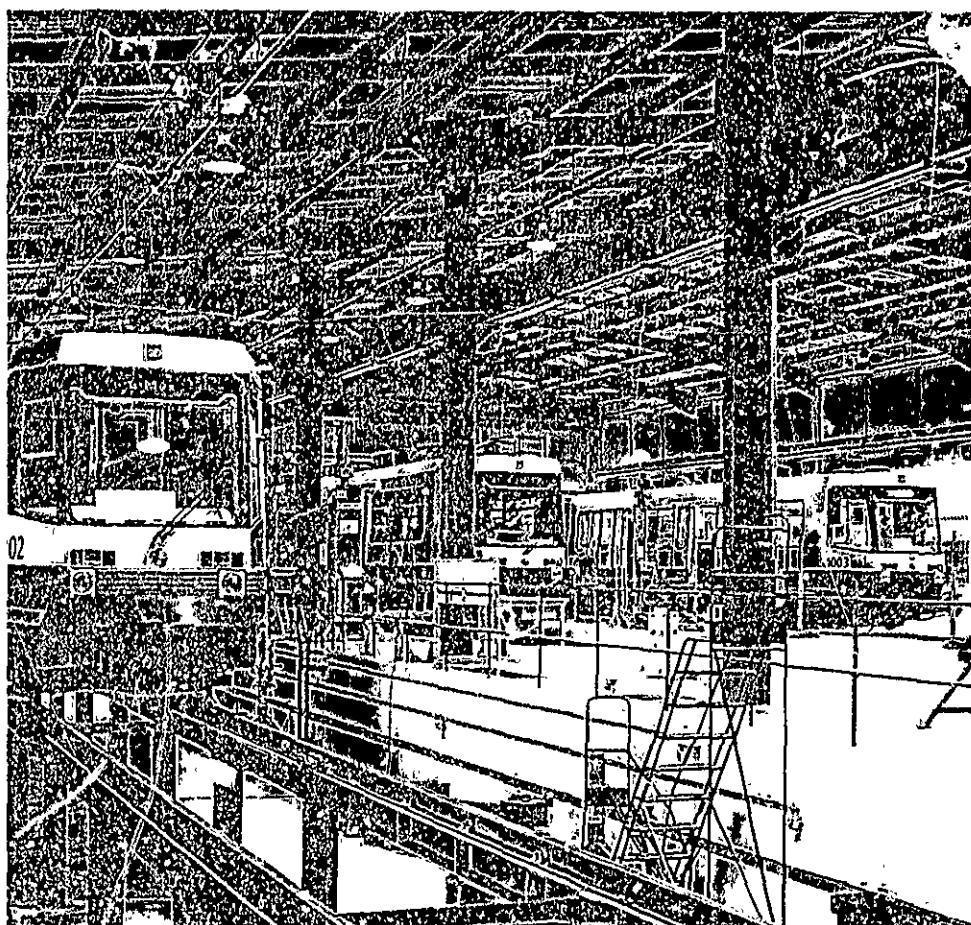




## Operational Review

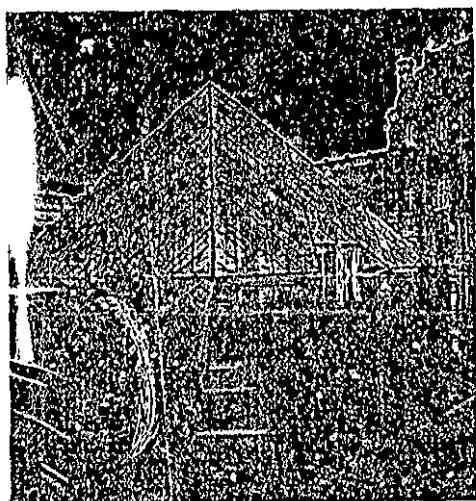
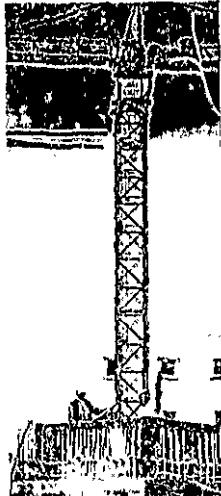
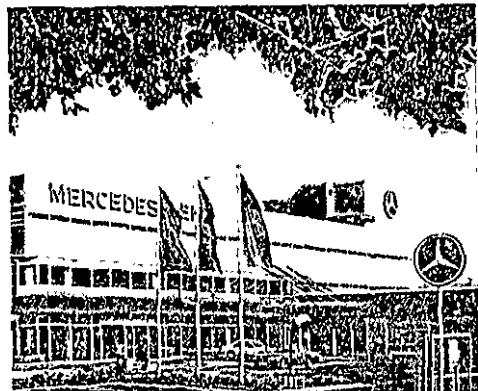
*The operations and maintenance centre for Manchester's Metrolink*

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*Work underway for Kansai Airport, Japan*

The AMEC group continued to develop its strategy during what was a very difficult year in many of its traditional markets. The range and diversity of skills within the group enabled it to benefit from those areas where investment remained strong, both at home and around the world. The group's balance, combined with its total commitment to quality and technology provides a firm foundation for development in the future. Significant moves have been made to strengthen the group's European network, particularly through relationships with indigenous companies. AMEC now has an operational base in every major European Community country and is well placed to extend activities into central



Above left:  
Mercedes Benz,  
Mannheim  
Left: Le Grand  
Louvre, Paris

Above centre:  
The Sp'ns  
shopping  
centre, Oldham  
Above: Kuwaiti  
oil fires

and eastern Europe. This network provides the essential foundation from which to approach the entire European market.

AMEC's relationship with France's leading independent engineering design and construction company, Serete, is fulfilling expectations, enhancing the group's ability to provide an integrated service to major multinational clients. Serete's strong position in southern Europe complements and strengthens AMEC's existing presence in the region.

Towards the year end AMEC acquired a 50 per cent share in Kittelberger, a building and civil engineering contractor, giving the group a major base in Germany. The close links which have now been forged

throughout Europe will enable AMEC and its partners to pursue a wide range of new opportunities.

International expansion has not been confined to Europe. American operations have been strengthened by acquisitions in growing markets such as environmental engineering.

The buoyancy and long-term growth prospects of the South East Asian economies encouraged the formation of AMEC Construction South East Asia, based in Hong Kong.

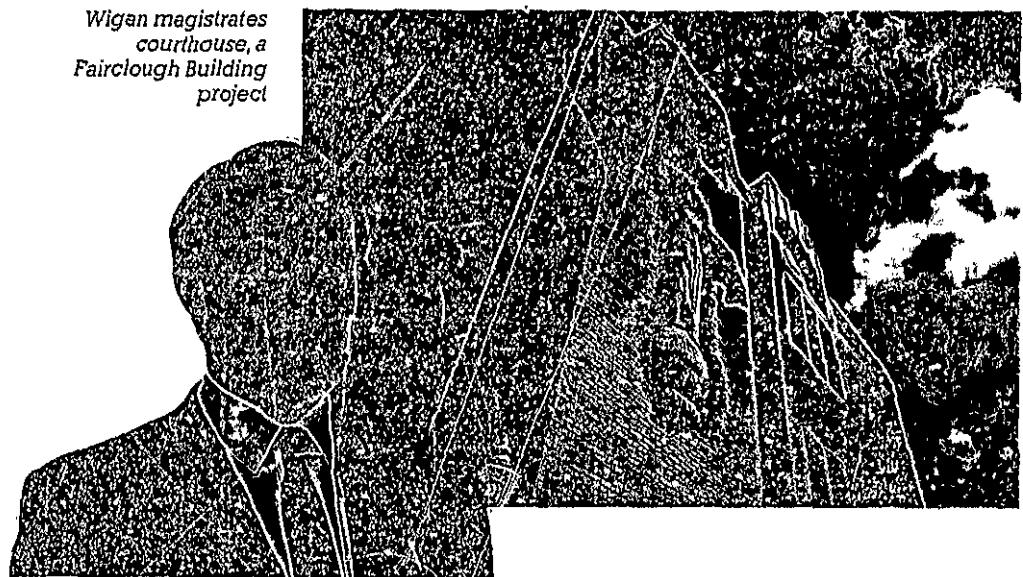
The Middle East, where AMEC is a participant in the Kuwait restoration programme, is another area of potential for the group. In addition, a new company has been formed in Saudi Arabia to provide a focus for the group's services to the region's oil, gas and petrochemical industries.

These and similar developments are important components of AMEC's strategy to provide a global service to its worldwide clients.



## Building and Civil Engineering

*Wigan magistrates courthouse, a Fairclough Building project*



*Sector chairman: Malcolm Eckersall*

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*"Against the backdrop of recession in the UK construction market, civil engineering performed well and the sector made significant progress in developing its European network."*

The severe recession in the UK inevitably led to a reduction in many of the sector's traditional markets - particularly in commercial building. In anticipation of these testing conditions action has been taken to reduce the cost base. Whilst not seeking new work at unrealistic margins, order books remain strong in some areas and the sector's broadening geographic spread will provide a platform for long-term growth. Significant progress has been made during the year towards further expansion into mainland Europe.

Acquisition of 50 per cent of the Kittelberger Group brings with it not only a major operational base in Germany but also the opportunity to introduce AMEC companies to joint venture opportunities in a country which is planning the largest infrastructure investment programme in Europe.

*Fairclough Building Managing director: Derek Eyres*

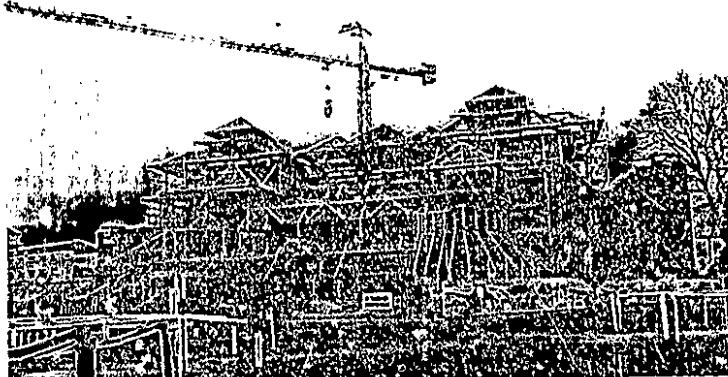
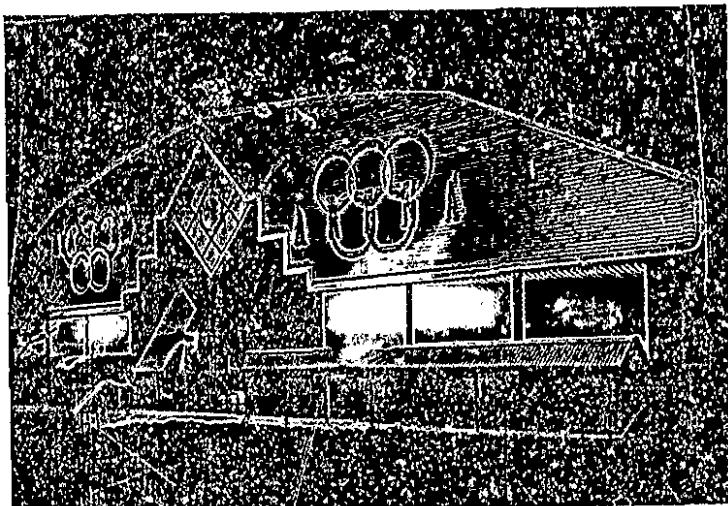
*Fairclough Civil Engineering Managing director: Alan Lamerton*

*Fairclough Scotland Managing director: Peter Brynes*

*Fairclough-Parkinson Mining General manager: Carl Johnson*

*GERIL-AMEC Chairman: Antonio Valadas Fernandes*

*Kittelberger Joint managing directors: Kurt Altmann, David George and Hans Rihlmann*



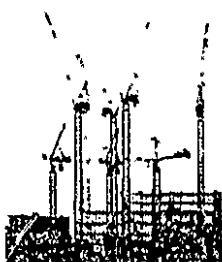
Above left: Lindoso  
dam, Portugal  
Above right: The  
Blackburn ice arena  
Left: The new grandstand,  
Newbury racecourse

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Kittelberger operates from offices in the Rhineland and Baden Württemberg as well as Halle in eastern Germany where the company will be a major participant in the city's regeneration programme. Kittelberger adds a further dimension to the sector's already strong presence in Europe, where the GERIL-AMEC companies include one of Portugal's largest building and civil engineering companies - Engil. Engil's breadth of skills have equipped it to undertake major civil engineering projects like the Lindoso dam and associated power house, the largest electrical production centre of its type in Portugal. Building work ranges from a new 400-bed hospital in the Azores, to a factory for the multinational Ford

Motor Company and the new Cultural Centre at Belem, Lisbon, where the Portuguese presidency of the EC is headquartered. The growing demand for high quality stone to strengthen coastal defences led the sector to search for a new source of this valuable material. A suitable site was located on the coast of southern Norway and in mid-1991 a new AMEC company - Amrock A/S - was formed to operate the quarry. The quarry contains extensive reserves of very high quality granite and is within easy reach of southern and eastern England as well as northern mainland Europe.

1991 was a year of innovative partnerships for the sector, culminating in a major contract





award for AMEC Dalmeny Contractors, an internal joint venture with the process and energy and mechanical and electrical sectors. This £75 million contract, awarded by BP, is to design and build a tanker berth, pipeline and storage facility at the Dalmeny terminal in Scotland.

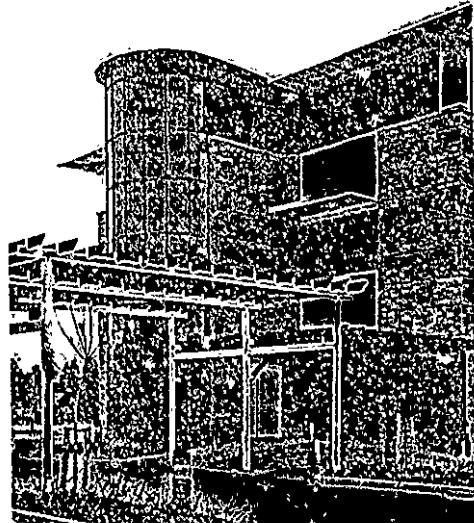
The UK's first joint venture design and build road contract - A35 Yellowham Hill to Troytown - for the Department of Transport, was successfully completed, well ahead of schedule. The whole project was quality assured to BS 5750, a major milestone in road building.

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The joint venture to design and build the Docklands Limehouse Link, one of the most heavily engineered sections of road ever built in the UK, made good progress during the year. A significant factor throughout this contract - and one which has contributed greatly to its success - has been the degree of 'value engineering' undertaken by the joint venture on behalf of its client.

A wide range of design and build and traditional contracts for industrial, retail and leisure clients helped counteract the downturn in office building. Shopping centres and supermarkets continue to



Above: Slade Green  
Right: Archipelago  
development,  
Camberley

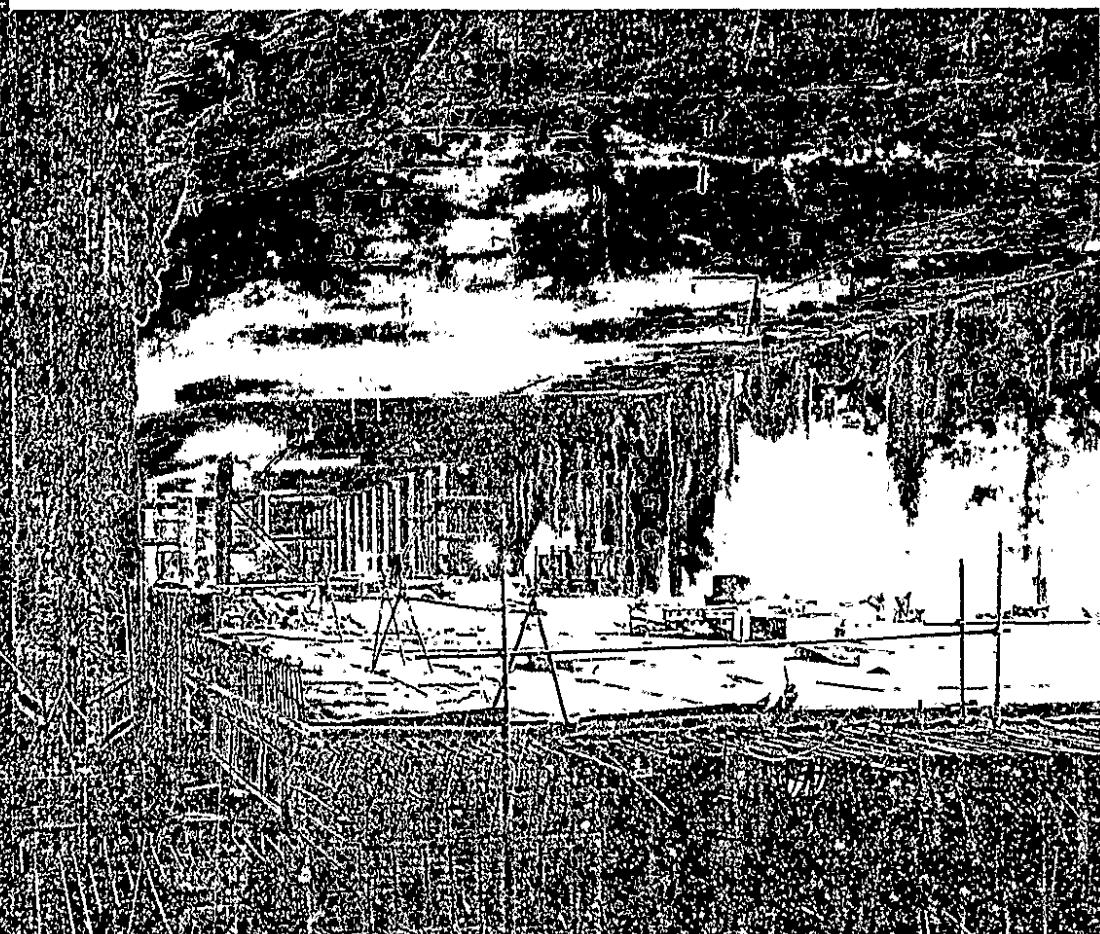


be developed with long-standing clients like Sainsbury, as do facilities for financial services institutions like the Alliance & Leicester Building Society. New laboratories and workshops are being built for industrial clients ranging from Fisons to Exxon.

The trend towards improvement of sporting venues around the country led to several projects for the sector, including the upgrading of facilities at Newbury and Aintree racecourses. Fairclough Scotland undertook the £13 million upgrading of the main stand at Ibrox Park for Glasgow Rangers Football Club. The massive beams for the stand's new roof were fabricated by Walson Steel, part of AMEC's manufacturing and services sector.



The Limehouse Link  
in London's  
Docklands



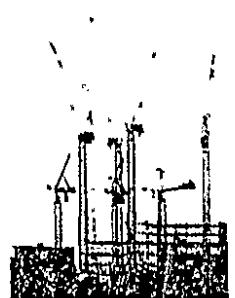
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Far left: Espevik  
quarry, Norway  
Left: Shaw Ridge  
development,  
Swindon



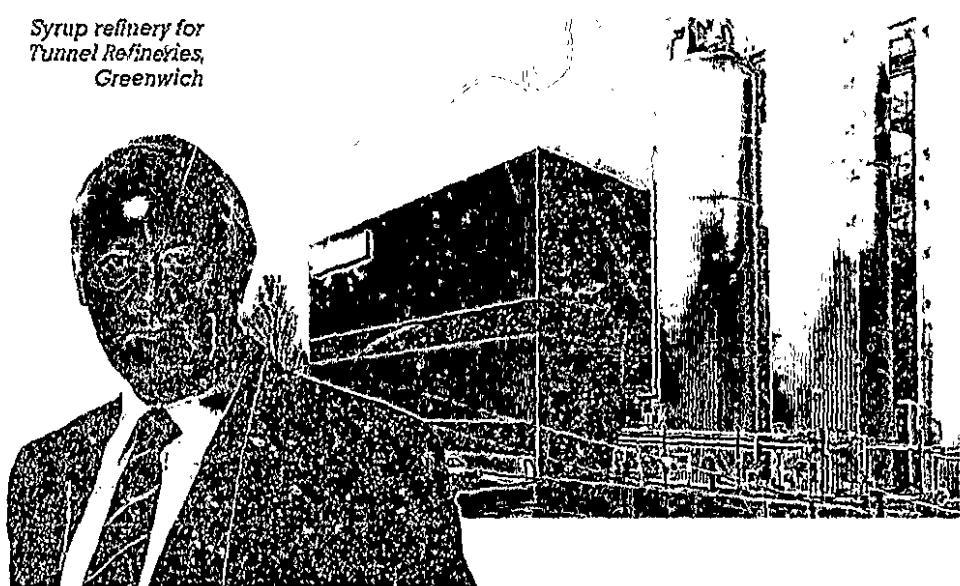
Ibrox stadium,  
Glasgow. This project  
involved Fairclough  
Scotland, Watson  
Steel, C V Buchan and  
Fairclough Civil  
Engineering





## Design and Management

Syrup refinery for  
Tunnel Refineries,  
Greenwich



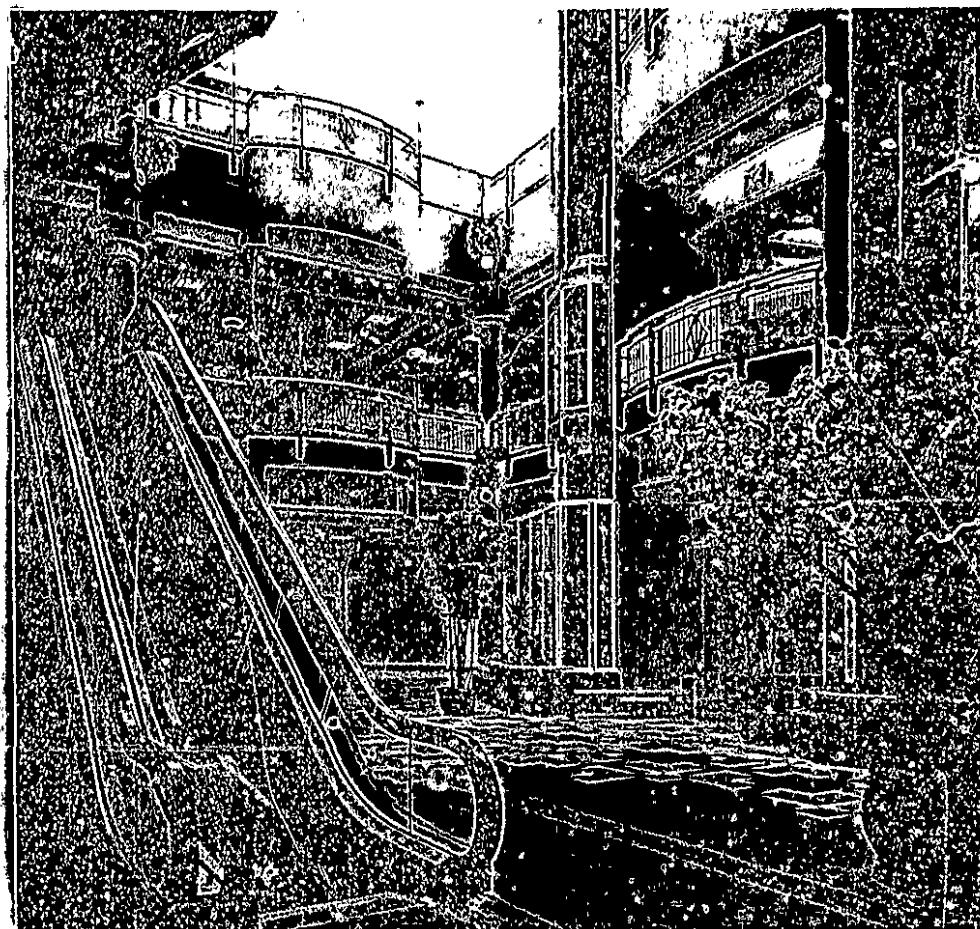
*Sector chairman: Len Whitting*

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*"1991 was a successful year and I am pleased with the good level of enquiries from existing and new clients. Now we must fully exploit our European potential."*

Early in the year AMEC created this new sector in recognition of the rapidly increasing international demand for an integrated approach to project realisation. The management and the design, engineering and construction businesses have now been fully integrated into AMEC Design and Management. The sector is committed to providing its clients throughout industry and commerce with a comprehensive, flexible and high quality service on a truly international basis.

*AMEC Design and Management      Deputy chairman: Rodney Anderson,*  
*Managing director: Jim Brown*  
*Serete      Chairman: Philippe Kessler*



*Alhambra shopping centre, Barnsley*

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The sector spearheads development of AMEC's relationship with the French-based Serete group. This collaboration has already led to new projects and there is significant further potential for expanding the sector's service to multi-national clients.

Order books remained strong in many specialist markets - particularly transport, food, pharmaceuticals, healthcare and high technology manufacturing.

Management of projects continues at three of the UK's major airports: Manchester,

Heathrow and Glasgow. In addition, interior re-design for Birmingham International Airport's main terminal started in 1991.

GEC-Alsthom appointed AMEC Design and Management to design and construct facilities for testing the new Three Capitals Express high speed trains which will link London, Paris and Brussels via the Channel Tunnel.

A wide range of food-related schemes included a start on new bulk storage facilities at Tate and Lyle's London refinery





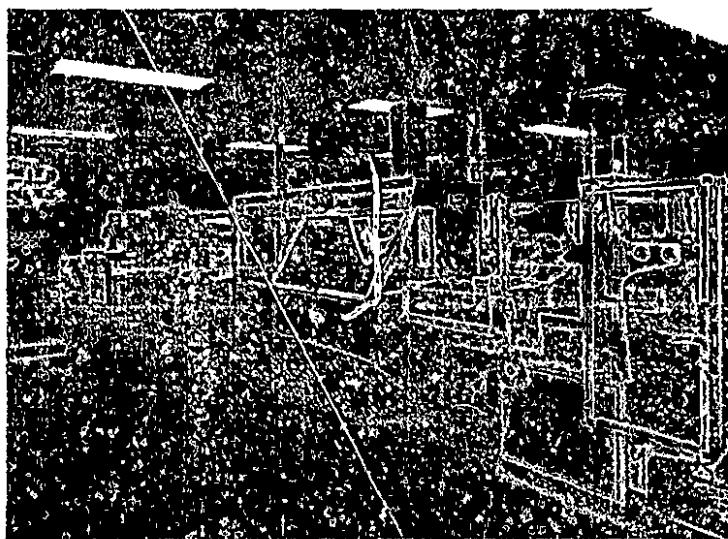
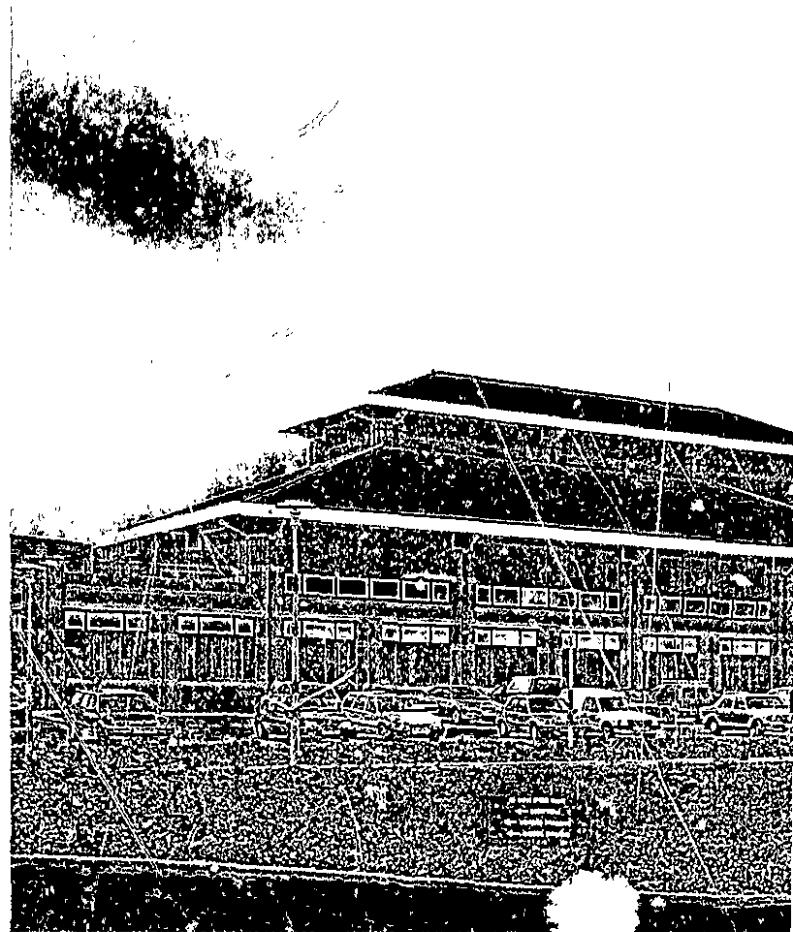
and completion of a mechanical handling system within Europe's largest frozen vegetable contract packing plant for Christian Salvesen Food Services.

On the industrial front, projects are under way for clients as diverse as BASF, Nippondenso/Magneti Marelli and North West Water.

In the pharmaceutical industry, projects are being undertaken for international companies including Boots, ICI, Rhône-Poulenc and The Wellcome Foundation.

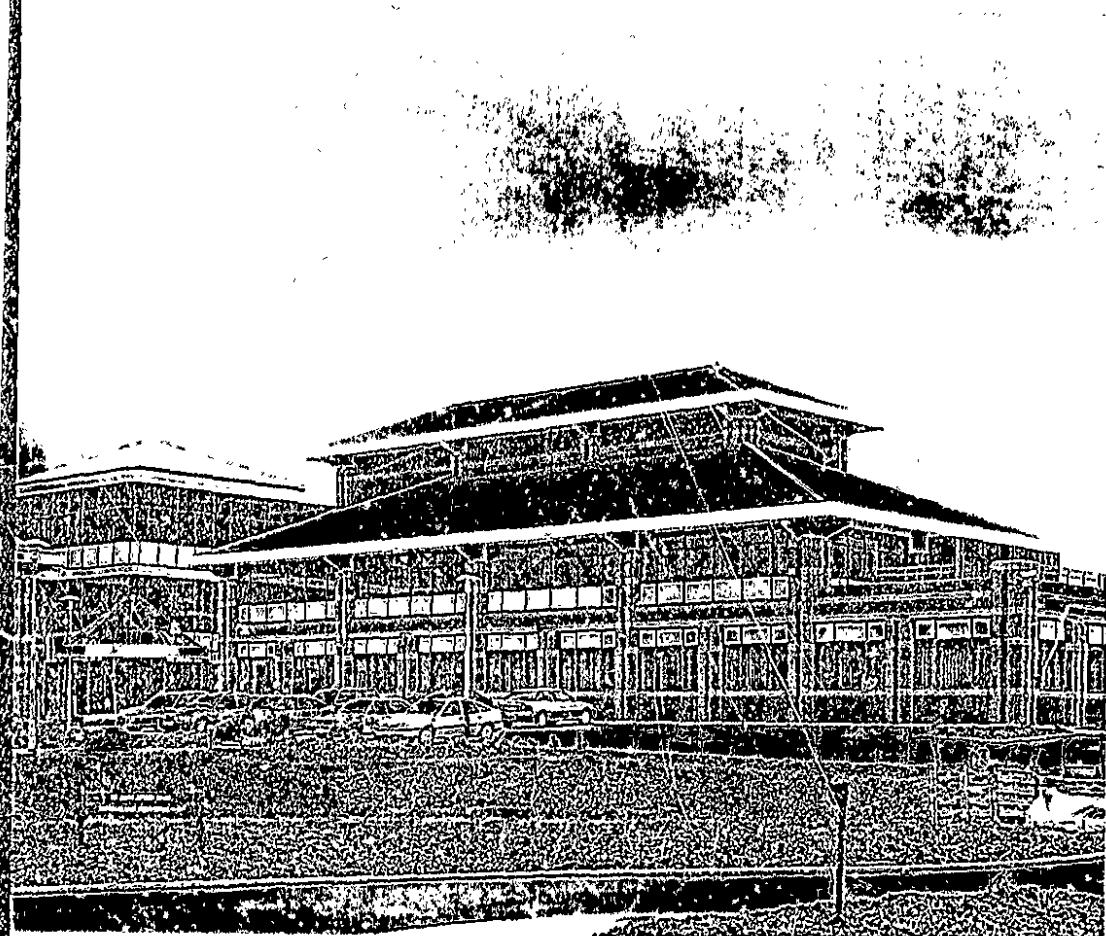
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*Below: Ciba Vision  
Cosmetics production  
facility and warehouse  
Below right: Halifax  
Building Society,  
Collinson's building,  
Halifax*

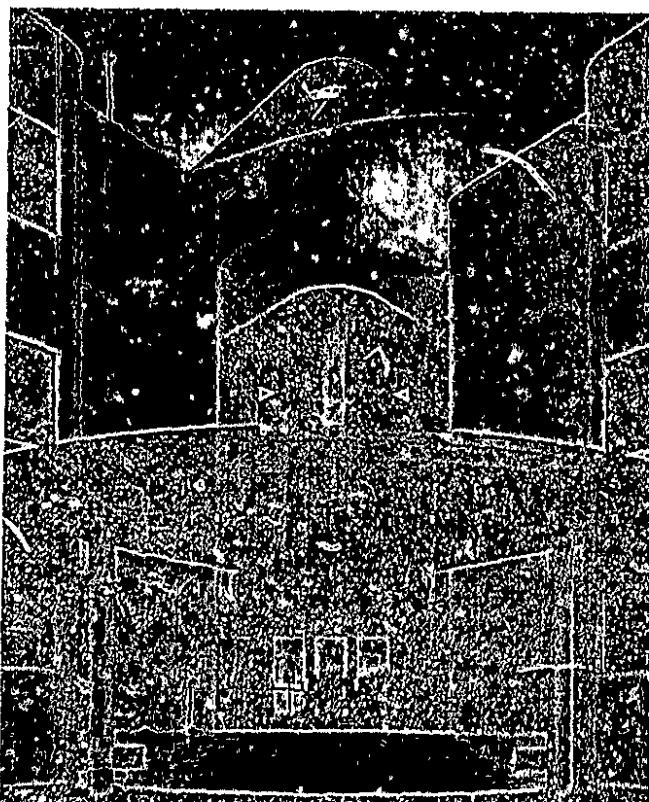




*Air Products'*  
*industrial gases*  
*divisional*  
*headquarters,*  
*Basingstoke*



21



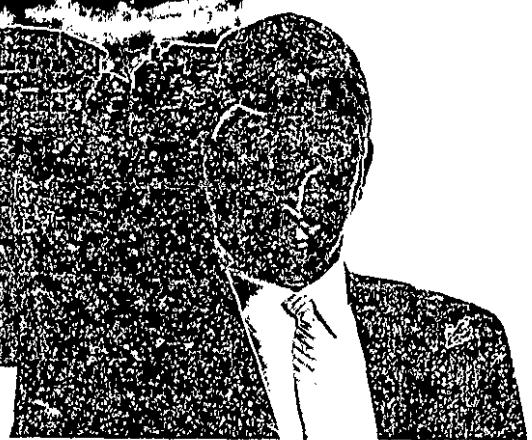
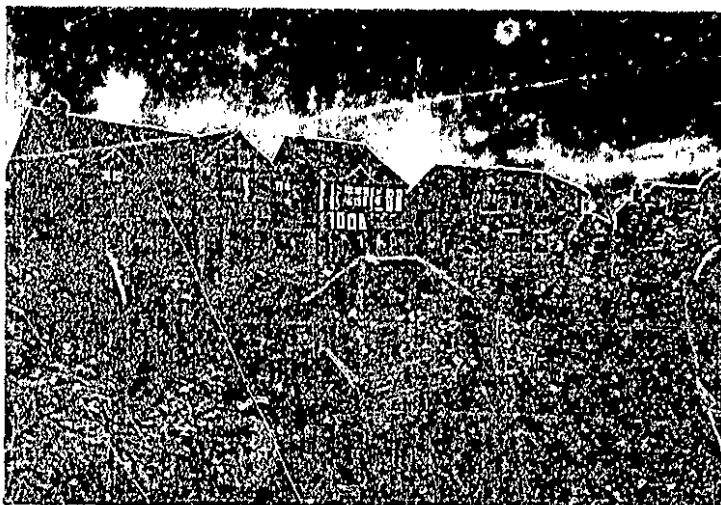
*The Kao  
Corporation's head  
office and research  
centre, Barcelona*





## Housing and Property

Grosvenor Park,  
Morecambe



Sector chairman: Malcolm Hawe

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*"Whilst the sector's difficulties in housing and property continued, new regeneration projects provided major opportunities for the growing co-operation between AMEC and the public sector."*

High real interest rates and uncertainty as to when any recovery in the economy will take place continue to have a devastating effect on both the housing and commercial property markets.

With little prospect of recovery in the short-term AMEC has restructured its businesses operating in this sector to reflect these difficult trading conditions. The emphasis is to unlock cash from areas that cannot produce adequate returns and to identify longer-term opportunities that will produce acceptable returns when the markets recover.

Many of these opportunities will involve partnerships between the private and public sectors and utilise the skills and resources of the group as a whole.

Typical of such initiatives is the selection of AMEC Properties by Kettering Borough Council as its partner for a major town centre

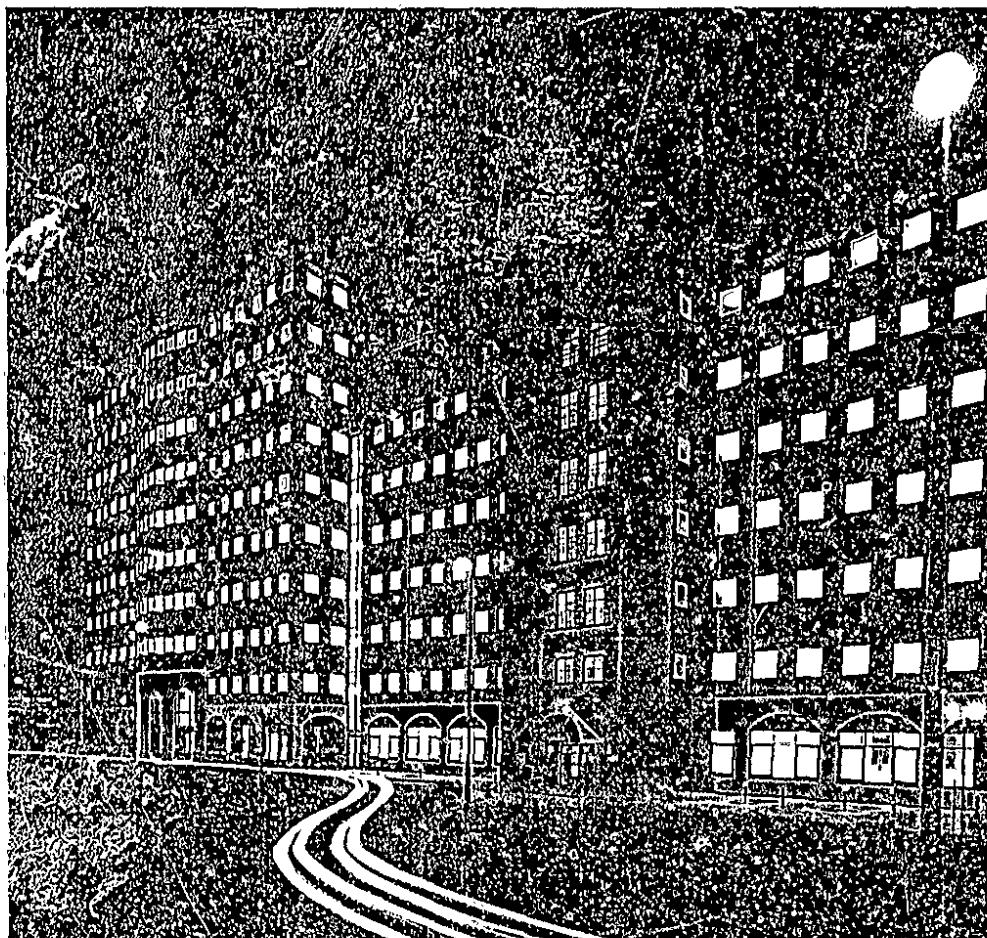
*AMEC Properties Managing director: Paul Parry*

*AMEC Regeneration Managing director: David Taylor*

*Fairclough Homes Managing director: Mike Ratchiffe*



*The Atchule tower development  
Manchester*



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development. Dryland Lanes, with its open street pattern and use of traditional materials, will create offices, flats and leisure facilities to give the town a new heart.

The first project to be completed in the long term partnership between AMEC and Wakefield Metropolitan District Council was opened at the end of the year - a shopping centre in the centre of Castleford, West Yorkshire. Known as Carlton Lanes, the centre provides 100,000 square feet of space in over 40 shop units. Carlton Lanes was developed by AMEC Properties with Wakefield MDC.

Also in Wakefield, the Port Wakefield Channel Tunnel freight village and terminal is being developed by AMEC Regeneration

in conjunction with British Rail's Railfreight Distribution. The village, which is currently the subject of a planning inquiry, will provide West Yorkshire and Humberside with rapid access to mainland European markets and has the potential to create several thousand jobs.

In a further significant partnership between the public and private sectors, the Lanarkshire Development Agency and AMEC Regeneration are to develop Scotland's Eurofreight terminal at Mossend. The terminal will be capable of handling around 400,000 tonnes of freight traffic a year. An adjacent 800 acre business park and freight village will create up to 8,000 new jobs.



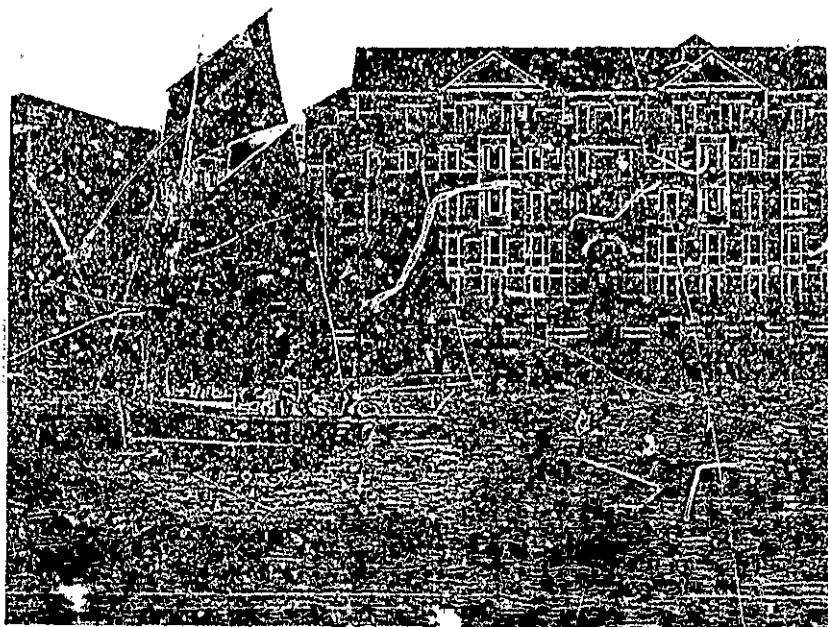


Manchester City Council and AMEC Regeneration are together embarking on the regeneration of Hulme in Manchester. Ambitious plans for the renewal, which will take between 10 and 15 years, include demolition of the area's worst housing, releasing over 130 acres of land for new residential, retail and business developments. The project has been awarded City Challenge status which will ensure substantial government grants.

In the depressed housing market, Fairclough Homes succeeded in raising sales volumes from their 1990 levels. There are some signs of renewed interest from prospective purchasers but it is too early to be confident that any recovery in the housing market will be sustained.

However, the high standards of design and construction employed in all the company's schemes, from tenanted starter homes to luxury detached houses, will ensure that Fairclough Homes is well positioned to benefit from any upturn in demand.

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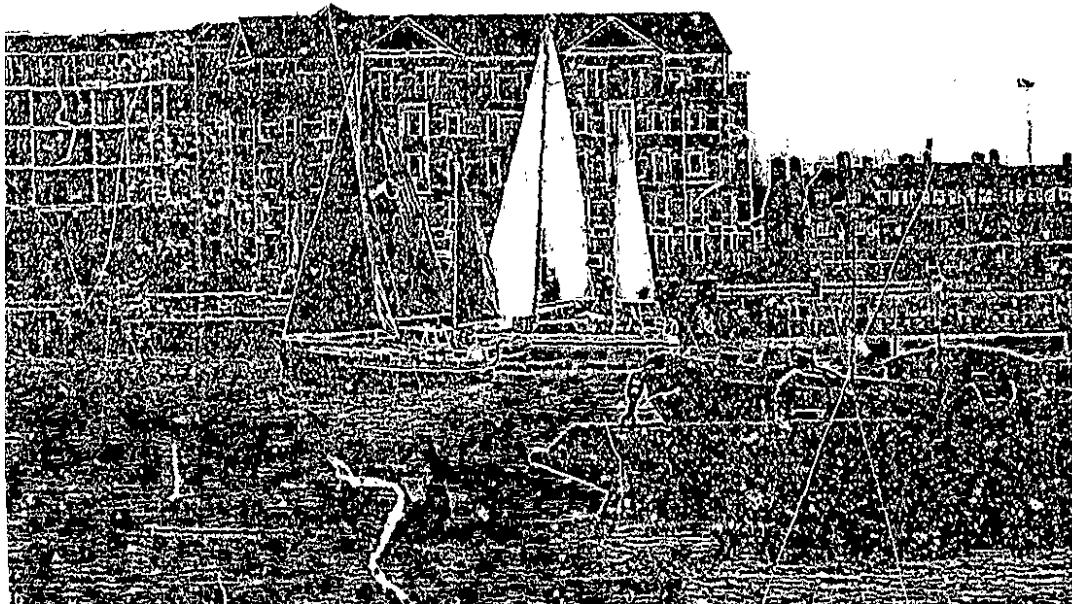


*AMEC Regeneration's plans for the development of Scotland's Eurofreight terminal at Mossend*



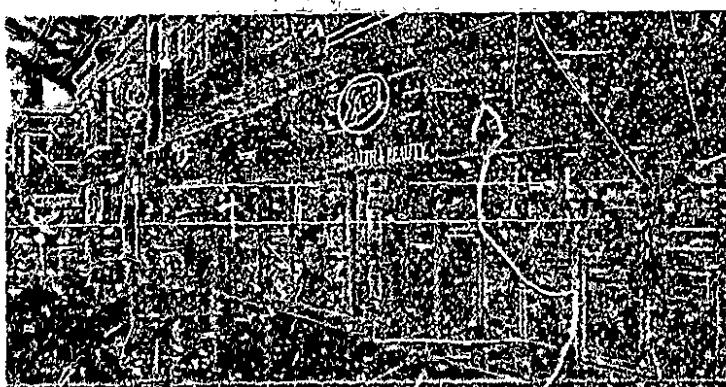
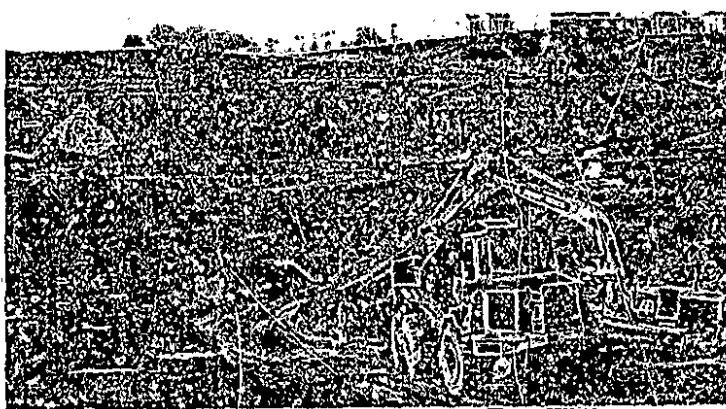


*King and Queen  
Wharf, London  
Docklands*



25

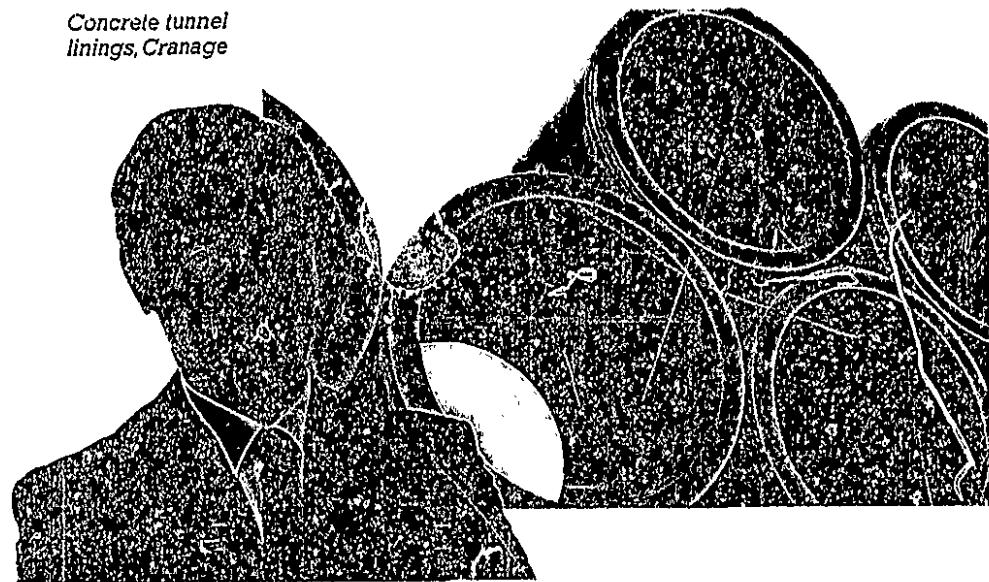
*Left: AMEC  
Regeneration's inner  
city regeneration  
scheme, St Helens  
Below left:  
Carlton Lanes,  
Castleford.  
This project  
combined the skills of  
AMEC Properties and  
Fairclough Building*





## Manufacturing and Services

*Concrete tunnel linings, Cranage*



*Sector chairman: David Robson*

26

*"The quality of our products served us well in the year and enabled us to break into new and exciting overseas markets – including Japan."*

Watson Steel, the UK's largest steel fabrication company, spearheaded a year of export success for the sector, repaying its continuing investment in technology and fabrication facilities.

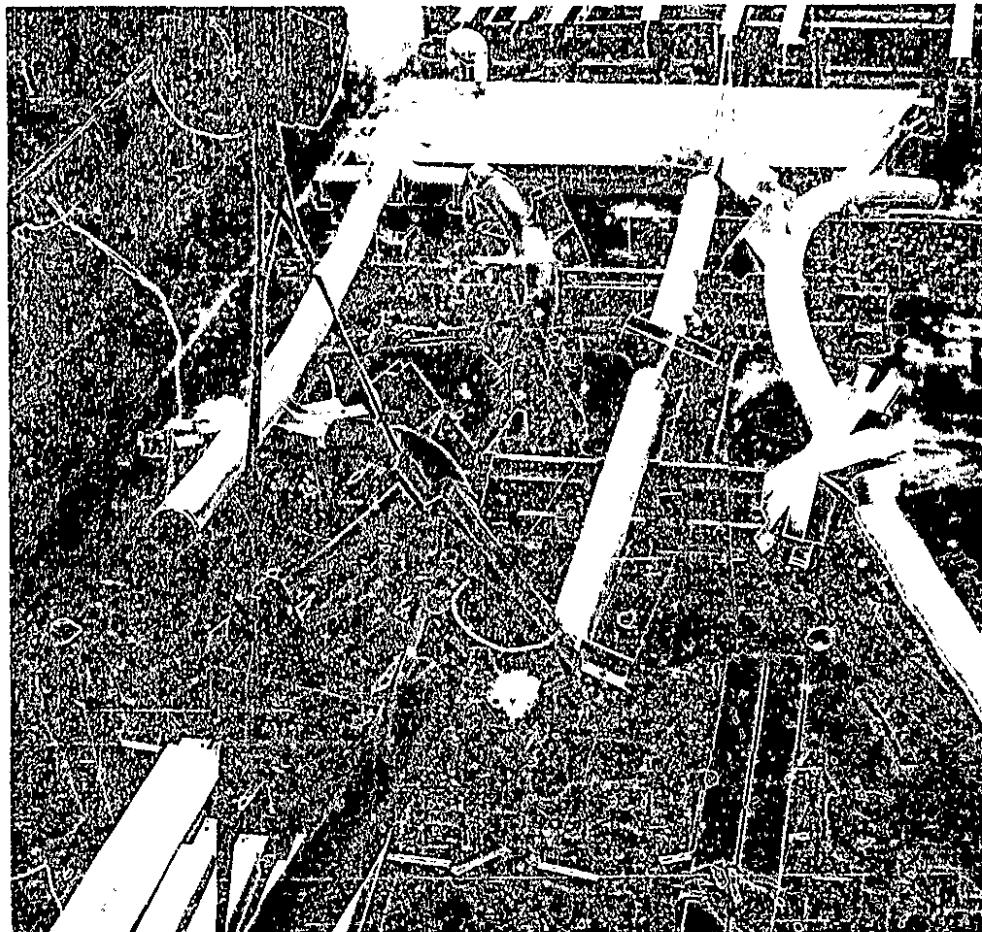
A contract to fabricate and erect the highly complex and unusual steel roof structure for the Kansai International Airport terminal in Japan broke new ground for the UK construction industry.

*AMEC Construction Services Managing director: Bernard Lowery*

*CV Buchan Managing director: Don Johnstone*

*Denco Managing director: Barrie Carter*

*Watson Steel Managing director: Joe Locke*



Structural steel for  
Kansai Airport,  
Japan

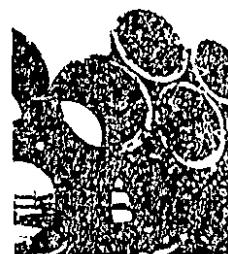
27

It also marked the beginning of a special relationship that has developed between AMEC and two of Japan's largest steel fabrication companies, Nippon Steel Corporation and Kawasaki Heavy Industries. Watson Steel is undertaking the project in co-operation with both of these companies. The contract came only a few months after Watson Steel won a similar international award for a high profile roof structure at Charles de Gaulle Airport in Paris. A highly

engineered, fully glazed roof will cover the main station for high speed trains linking the Channel Tunnel with the south of France.

Denco made a contribution to the Kuwait rebuilding programme by supplying and installing air conditioning equipment for the Kuwait Ministry of Communications and Kuwait University.

Franklin Hodge Industries also supplied very large tankage for storing sea water used in the oilfield fire-fighting.

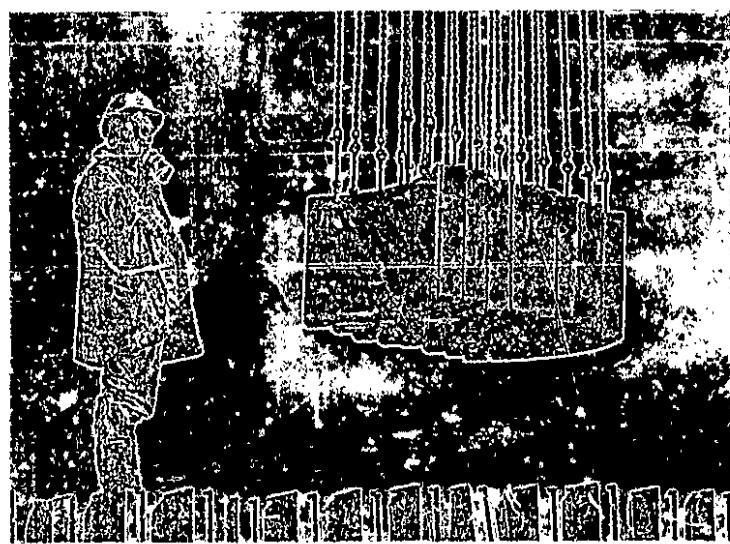
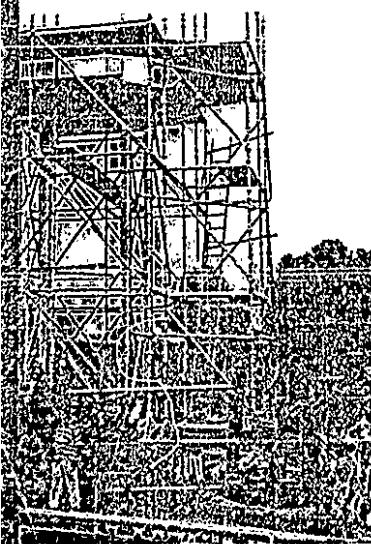
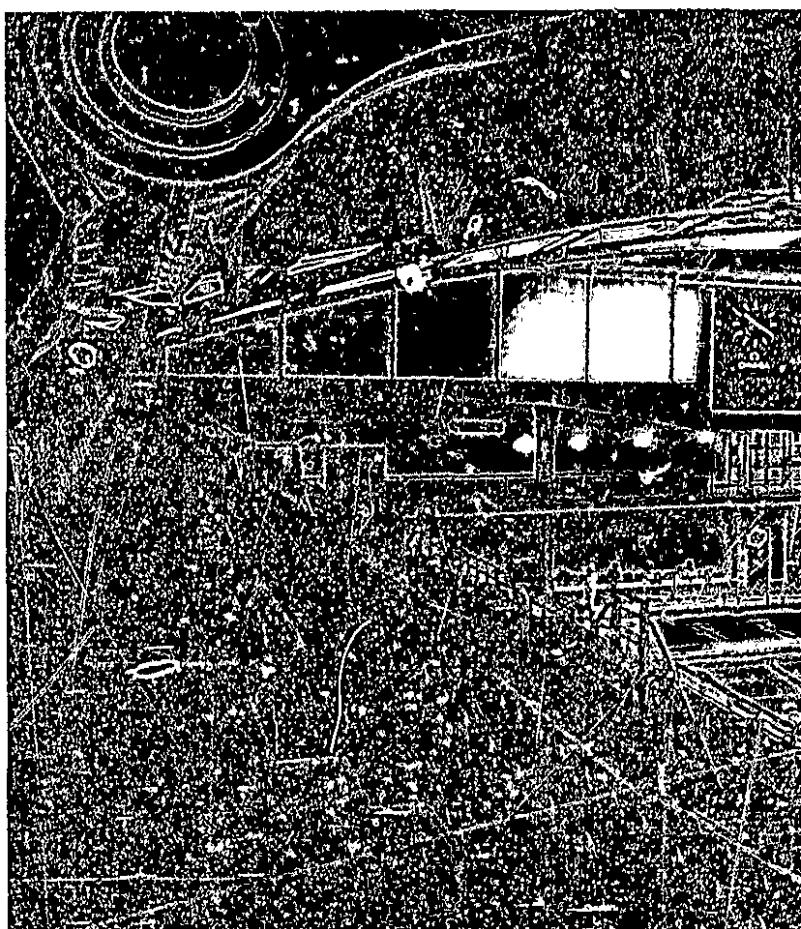




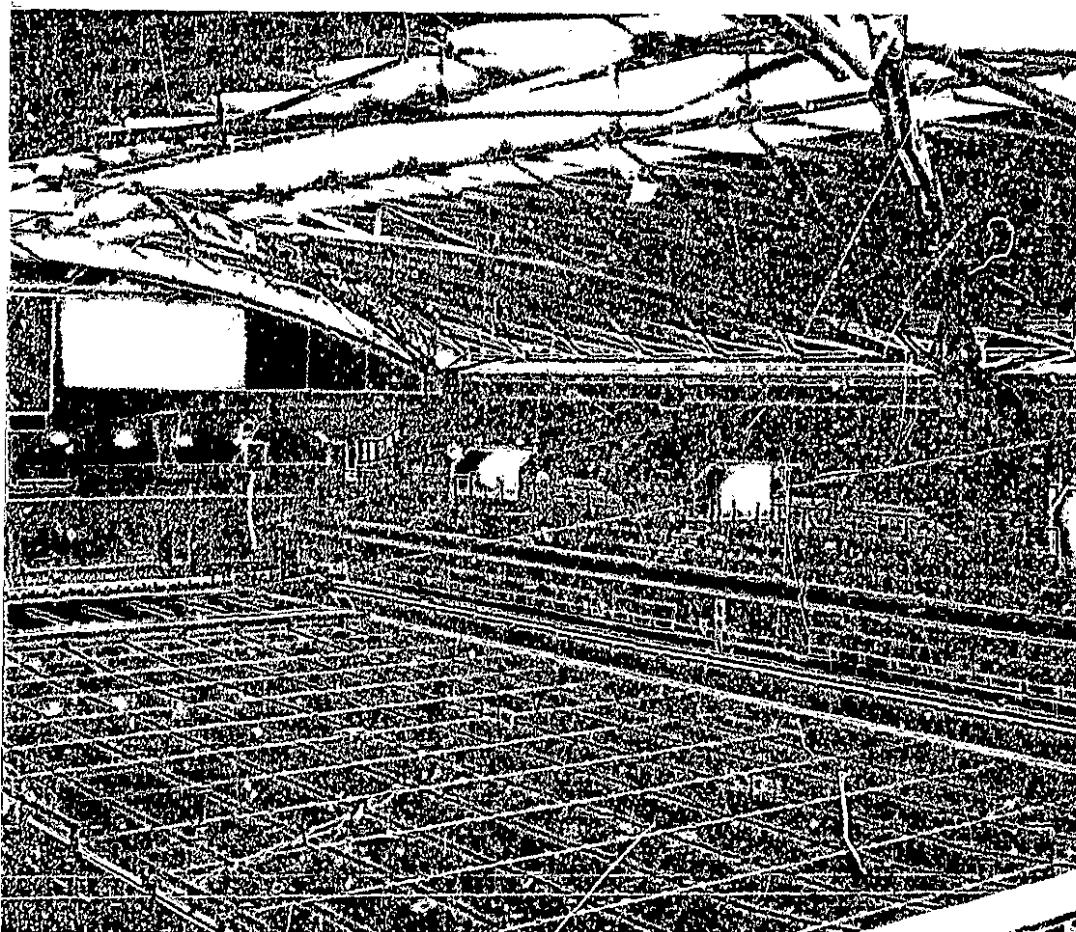
The Parkfield Foundry in Stockton-on-Tees was acquired by the group during the year. The addition of this facility, which produces specialist cast iron segments, means the sector can now supply a complete range of linings for major tunnelling projects under the CV Buchan name.

The extension of the London Underground system and other schemes in the south of England should provide a major market for these products.

28



*Far left: Franklin Hodge supplied clean water tanks and towers in Gambia  
Left: CV Buchan's Cranage factory*

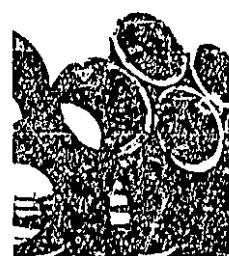
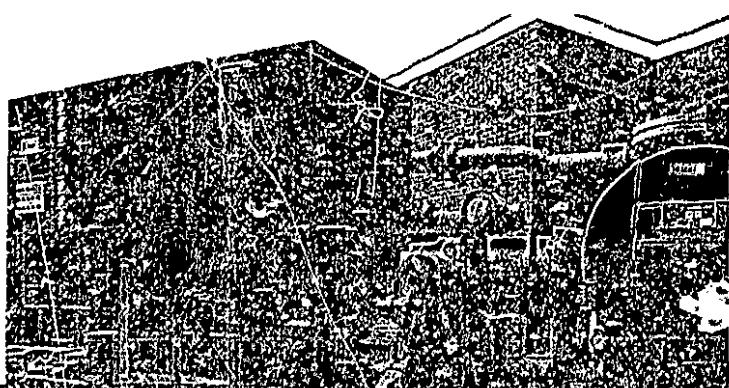


Ponds Forge  
swimming pool.  
Sheffield

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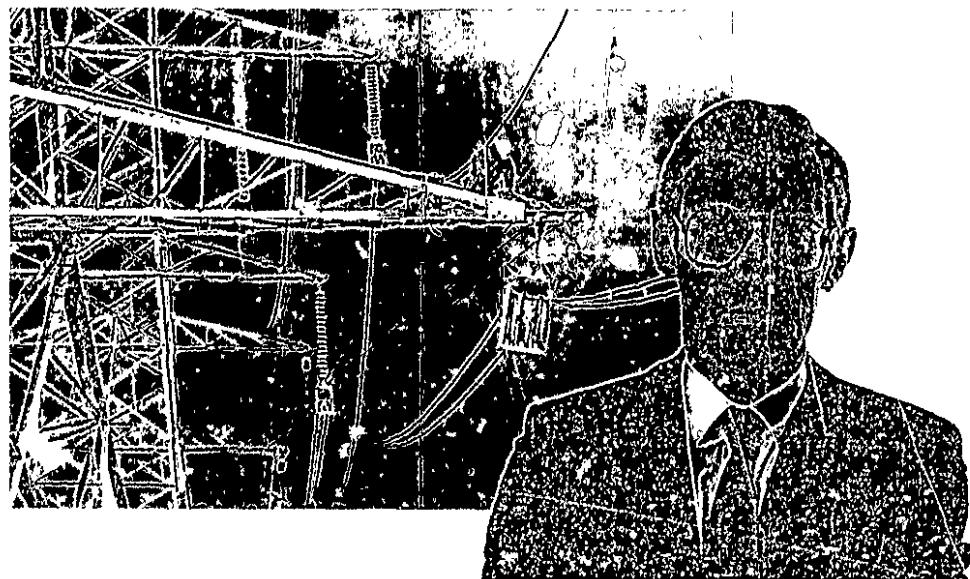
Left: Charles de  
Gaulle airport, Paris  
Below left:  
Compressed air dryer  
for the new Toyota car  
complex, Derbyshire





## Mechanical and Electrical

*The National Grid's  
training school,  
Eakring,  
Nottinghamshire*



*Sector chairman: Mike Kersey*

30

*"Our market leadership and commitment to quality proved their worth, particularly in the industrial, utilities and maintenance sectors."*

Mechanical and electrical engineering saw a year of expansion in many of its industrial markets.

Both James Scott and Press Construction enjoyed a year of sustained growth in difficult trading periods within their respective markets. The acquisition of Hawker Siddeley Power Engineering's transmission division has broadened AMEC Power's range of services and significantly enhanced its position in the electrical supply industry. Matthew Hall Mechanical & Electrical Engineers, whilst experiencing difficult trading conditions, has managed to maintain its leading position amongst building services specialists.

*AMEC Power Managing director: Mike Marlow*

*James Scott Managing director: David Barclay*

*Matthew Hall Mechanical & Electrical Engineers Managing director: Clive Groom*

*Press Construction Managing director: John Cull*

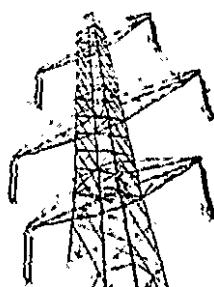


*BP Chemicals,  
Grangemouth Three  
Letter companies -  
James Scott, Matthew  
Hall Mechanical &  
Electrical Engineers  
and Press  
Construction -  
worked on this site*

31

1991 was a year dominated by a series of major awards and completions. James Scott and Press Construction reached the final stages of one of the most technically demanding projects in the companies' long histories - the Thermal Oxide Reprocessing Plant (THORP) at Sellafield. Running for over three years, the project employed nearly 1,000 mechanical and 1,000 electrical operatives at its peak, and included the installation of more than 90,000 metres of stainless steel pipework and associated process equipment, and approximately

1,500 miles of electrical cable. Also successfully completed, by Press Construction, was the extension and conversion of the gas supply system for Ankara, the Turkish capital, which was started in 1988. The experience gained on this US\$200 million scheme, where 40,000 homes as well as commercial premises were converted to natural gas, gives the group a unique position whenever such schemes are considered, anywhere in the world.

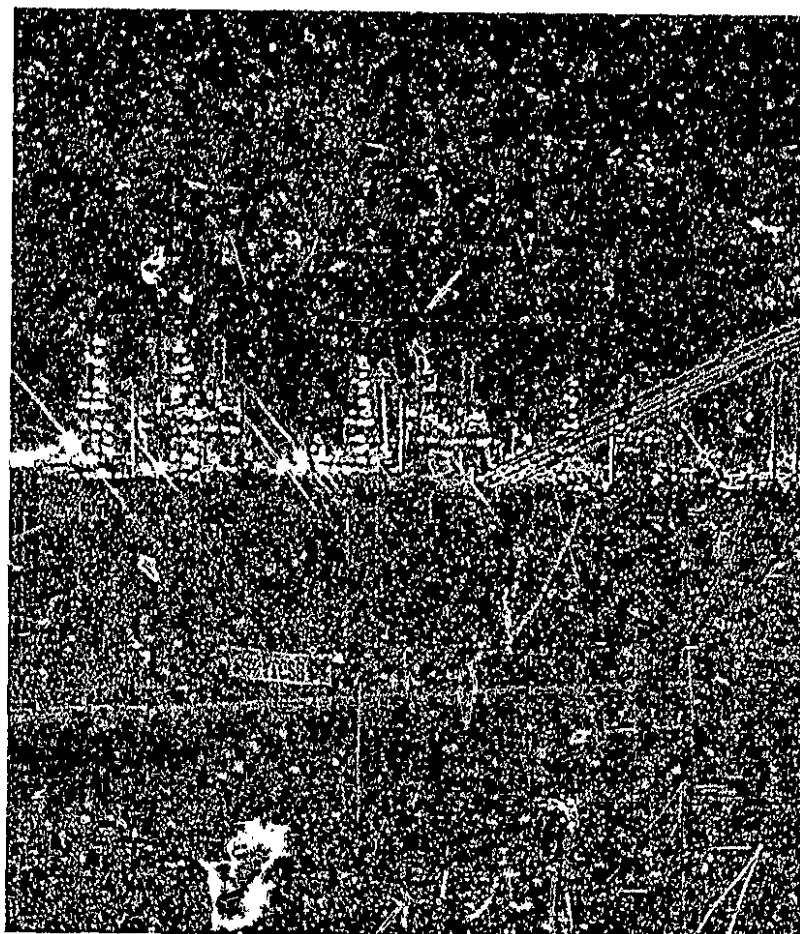




The increased trend towards long-term contractual relationships, such as the provision of electrical and instrumentation engineering services for Conoco, will provide a base workload for James Scott for several years to come.

Another long-term market is likely to be the installation of cable television systems. Press Construction has embarked upon the installation of ducting and cabling by which United Artists will bring cable television to the city of Edinburgh - a project which could take up to four years.

32



*Multi-service  
installation and  
maintenance for  
Morgan Stanley at  
Canary Wharf,  
London*

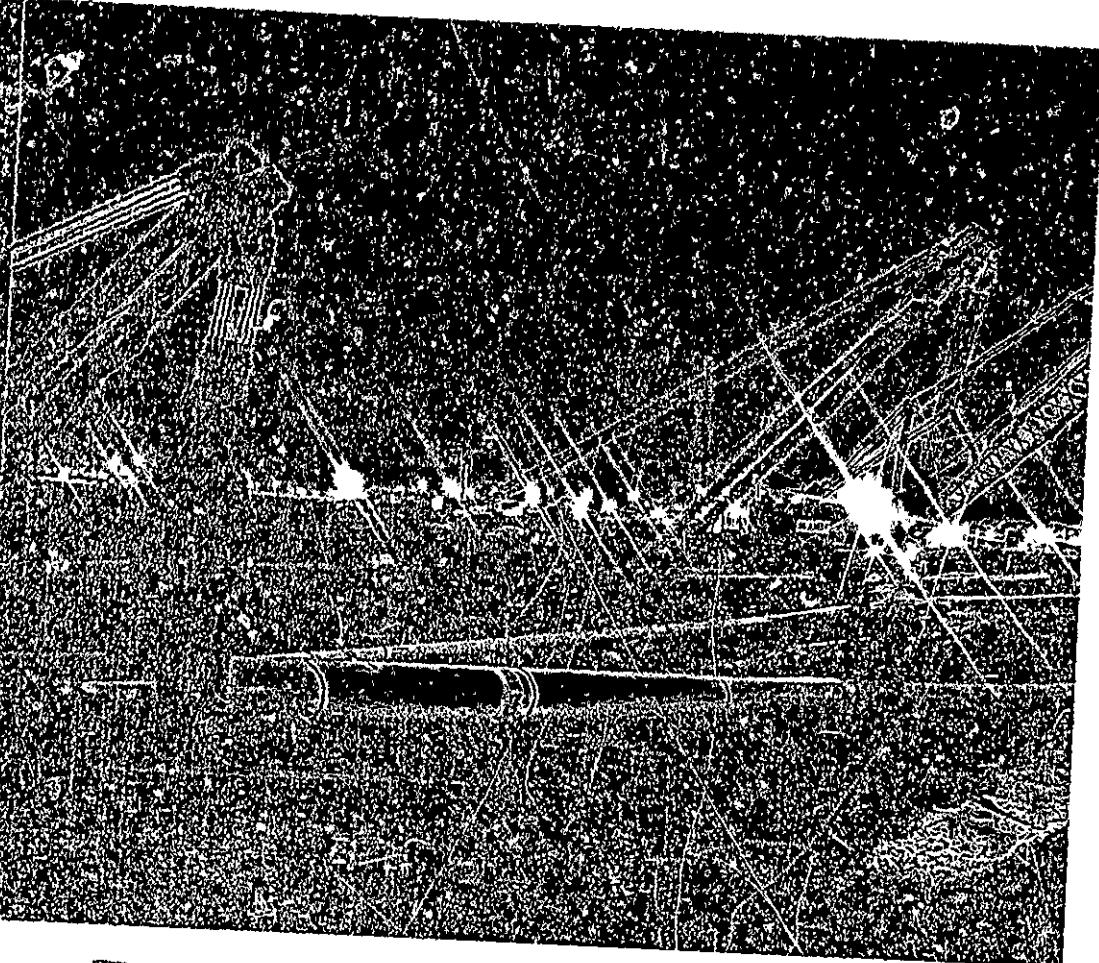


New and ongoing major contracts for Matthew Hall Mechanical & Electrical Engineers include the design and installation of building engineering services for the Centre Court shopping, office and town hall complex at Wimbledon and the Vintner's Place development overlooking the River Thames.

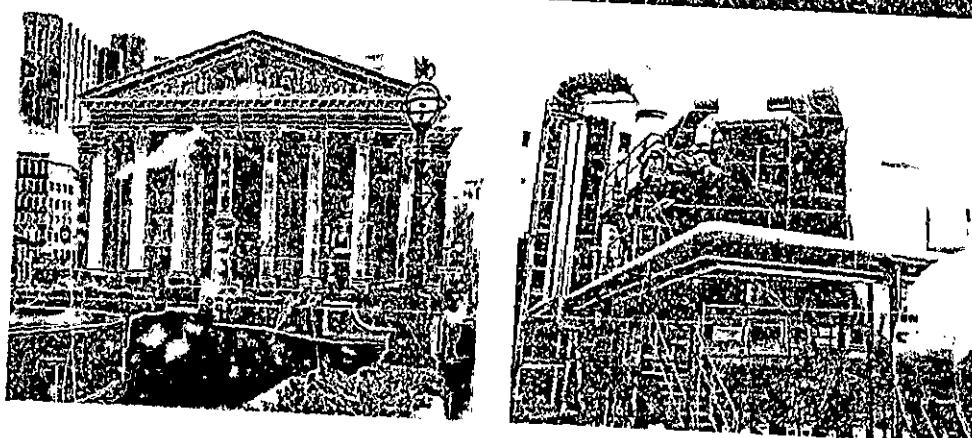
The scope of maintenance services has been extended further into total facilities management and new, specialised building control and monitoring systems have been successfully launched.



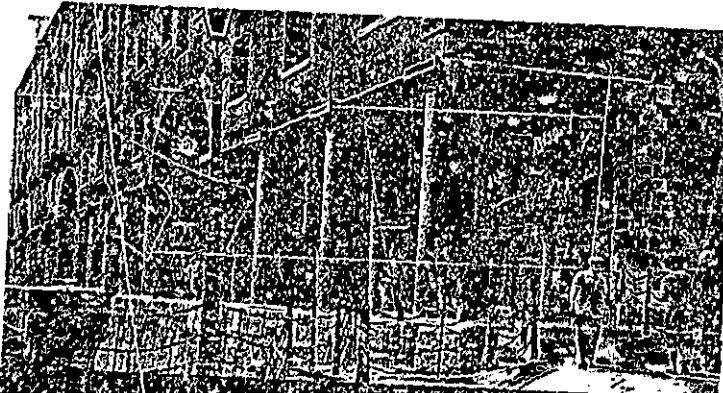
*Enron pipeline project,  
Middlesbrough*



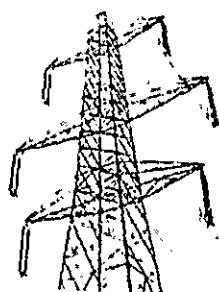
33



*Far left: Guardian Royal Exchange, London. Matthew Hall provided mechanical, electrical and plumbing services  
Left: The UK's first Reeco Stroem re-therm incinerator, Teesside*



*Tate Gallery, Liverpool. James Scott provided the installation, testing and commissioning of mechanical services*





## Process and Energy

*The Tiffany Contractors team*



*Sector chairman: Dennis Clark OBE*

34

*"The sector maintained its dominant position in the oil and gas market with record order books for new platforms and the maintenance and modification of existing facilities."*

The process and energy companies have been working closely together to provide the integrated service which is increasingly required by their clients in the oil, gas and petrochemical industries, both on and offshore.

At the same time, Europe's most sophisticated fabrication facilities have been developed on Tyneside and the offshore support bases in Aberdeen and Great Yarmouth have been expanded. These developments have now been taken a step

*AMEC Process and Energy Chairman: Dennis Clark OBE*

*AMEC Engineering Managing director: Maurice Bell*

*AMEC Engineering International Managing director: Barrie Logan*

*AMEC Offshore Managing director: Tony Eckford*

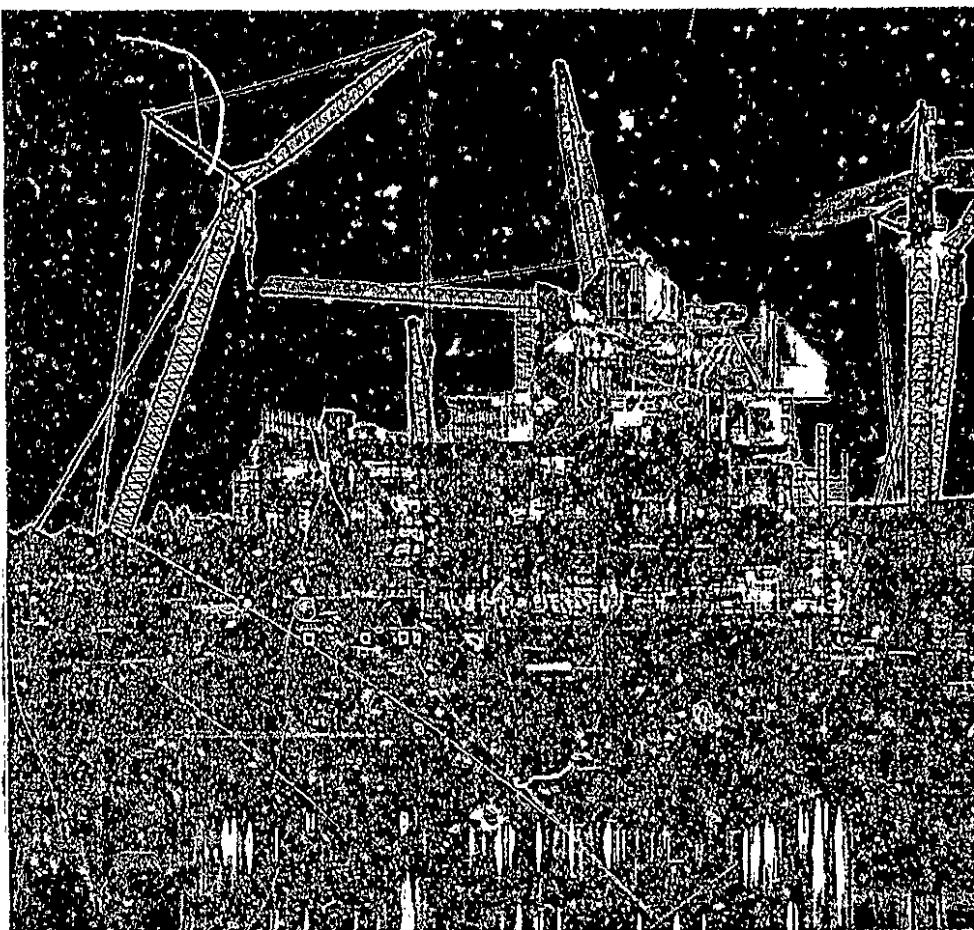
*AMEC Offshore Developments Managing director: Barry Hauxwell*

*AMEC Engineering Nederland and Evert Meinen Managing directors: Rene de Haze Winkelman and Evert Meinen*

*Inpark Managing director: Hil Blees*



Piper B, Hadrian West,  
Newcastle



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further by restructuring the sector to reflect more accurately both its international capabilities and the relationships between its individual companies.

The move towards single point responsibility from project inception to completion led to the award of Agip's £450 million Tiffany contract in 1990. Tiffany Contractors' design and construction work progressed steadily during the year and the project is on schedule for first oil production in the spring of 1993.

Press Offshore (now AMEC Offshore) was the major contractor for construction of the Piper Alpha replacement platform. This contract for Elf Enterprise and other major

projects for Marathon, Agip and Mobil ensure an exceptionally strong order book into 1992 and beyond.

The offshore hook-up side of the business is poised to take advantage of the upturn in the marketplace during 1992 and 1993. Turnkey projects, similar to Tiffany, are also in the pipeline.

Long-term maintenance and refurbishment contracts, involving over 80 offshore oil and gas platforms for Shell, Conoco and Amoco, also ensure continuity of work, as do refinery upgrading and maintenance projects for clients including BP and Elf.

Internationally, the sector enhanced its reputation with successful joint venture

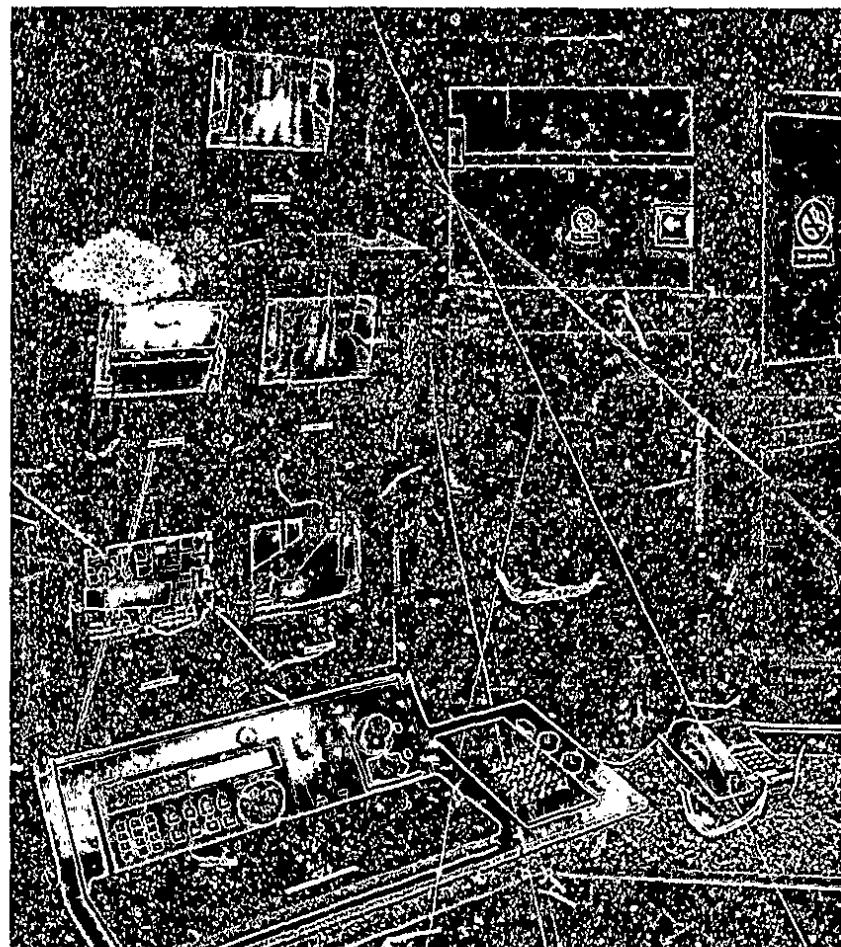




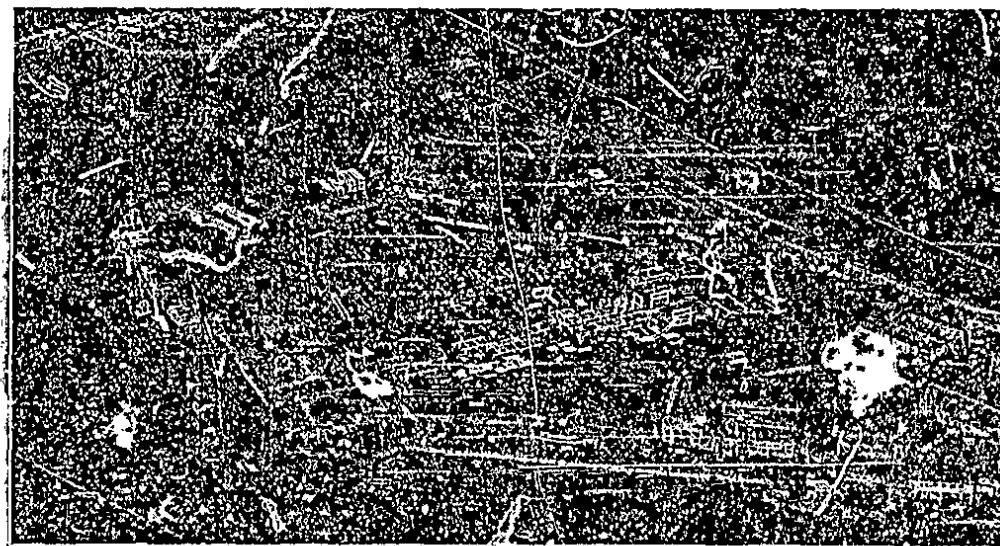
topsides projects in Australia and Spain. Despite economic difficulties in the UK and parts of Europe, capital expenditure on water treatment and waste minimisation is rising and will continue to grow throughout the decade. These markets frequently demand the highest level of technical expertise and so are well suited to the multi-disciplinary engineering skills available within the sector.

The water and environment business of Matthew Hall Engineering (now AMEC Engineering) is expanding and this growth is expected to continue. Work already under way includes major projects for Thames Water's London ring main and various environmental projects involving effluent control and toxic waste incineration.

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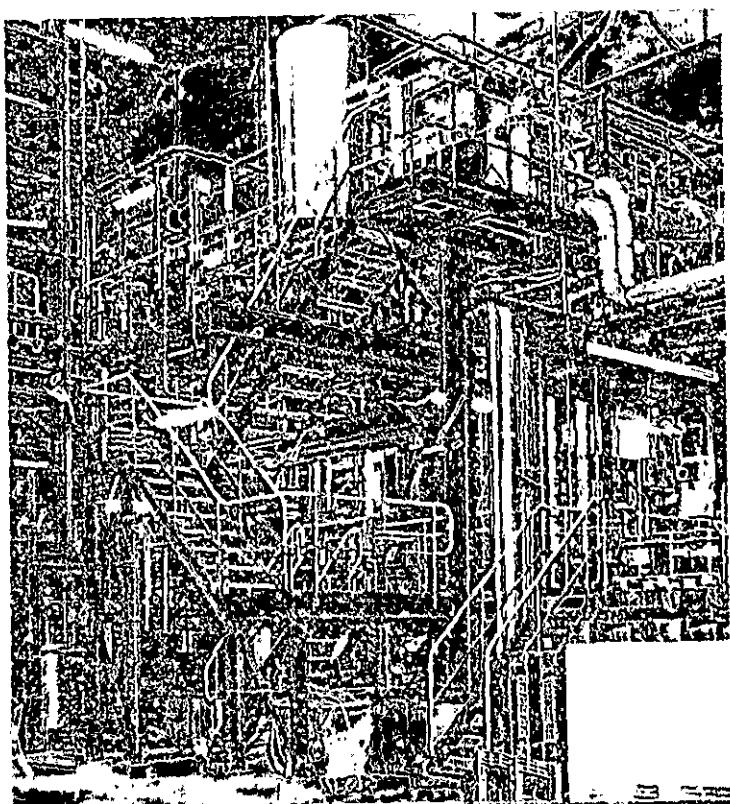
*Left: Pre-assembled units facility, Sunderland, a co-operation between AMEC Offshore and Press Construction*





*Edgware Road*  
underground station.  
Matthew Hall  
Engineering and  
management  
contractor for the  
refurbishment of this  
station

37



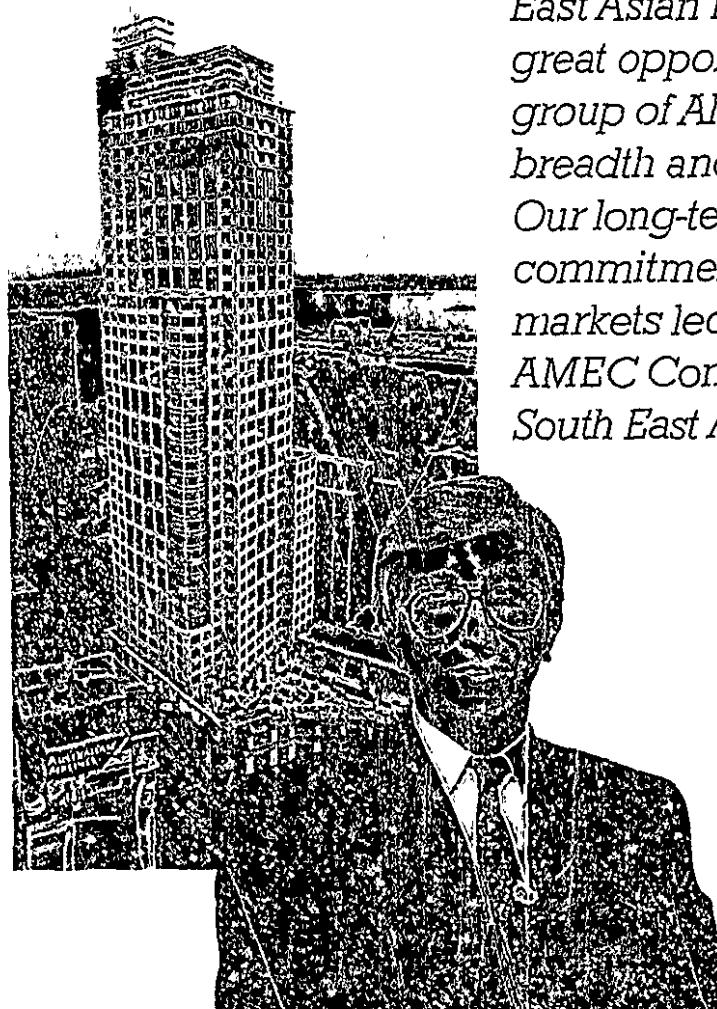
*Engineering and  
design for Houwens  
Groep, Holland*





## South East Asia and Australia

*Chifley Tower, Sydney,  
Australia*



*"We believe that the South East Asian markets offer great opportunities for a group of AMEC's breadth and flexibility. Our long-term commitment to these markets led us to set up AMEC Construction South East Asia."*

38

*Sector chairman: Bill Dale*

**AMEC Construction South East Asia**   *Chief executive officer: Bill Dale (Hong Kong)*  
**AMEC Construction**   *Managing director: Ian Wallbank (Australia)*

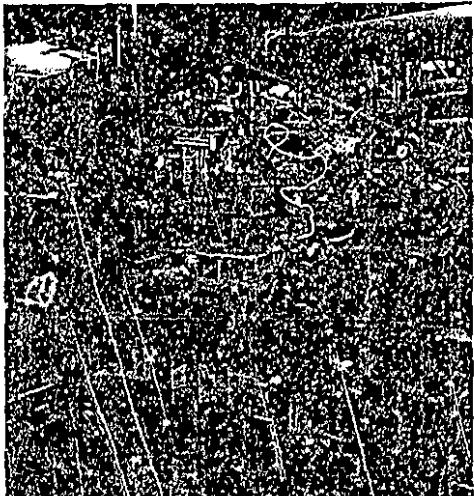
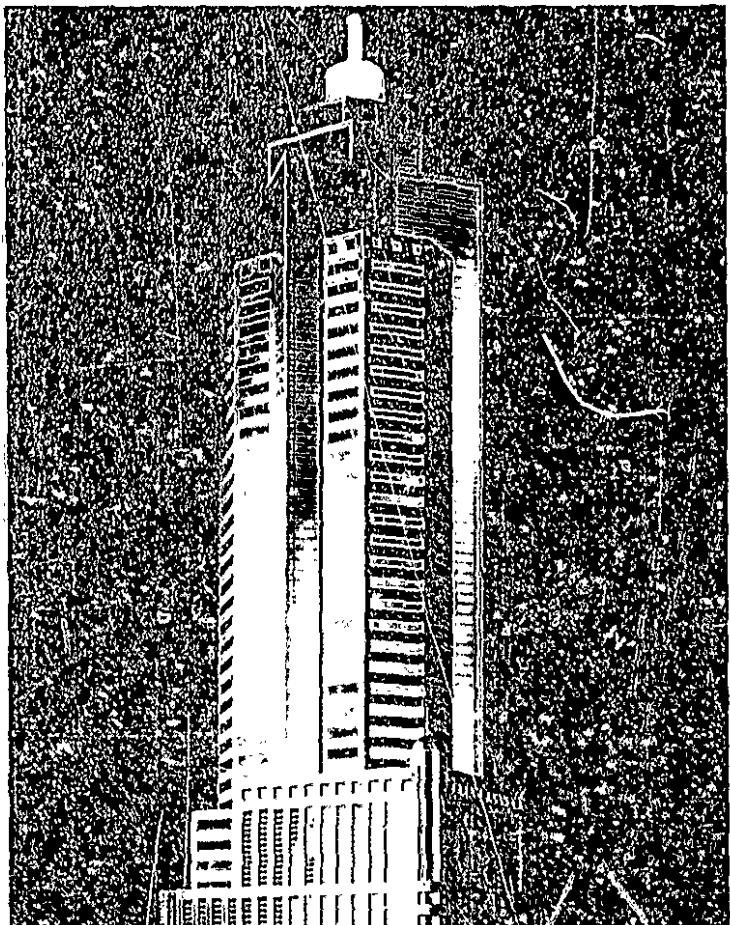
**AMEC Technical Services**   *Managing director: Arthur Harvey*

**Matthew Hall Mechanical & Electrical Engineers**   *Managing director: Ian Patience*

**Mayfield Electrical & Mechanical Engineers**   *Managing director: Keith Wildman*

**AMEC Construction Singapore**   *Managing director: Derek Edwards*

**AMEC Electrical & Mechanical Engineering**   *General manager: Jim Lee (Hong Kong)*



*Left Commonwealth  
offices, Melbourne,  
Australia  
Above Plant  
installation in the  
Bank of China  
building, Hong Kong*

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In Australasia, AMEC companies are leading building services specialists with offices in over 30 locations. This market leadership has enabled the sector to weather the severe downturn in the building market.

High profile projects completed during the year included design and installation of building services for the new 53-level Chifley Square offices in Sydney.

The sector also played its part in offshore development, supplying mechanical and electrical services for the two major offshore modules for the Goodwyn A field

development off the north west coast of Australia.

Recognition of the long-term potential for the group of the Pacific basin markets led to the formation during the year of AMEC Construction South East Asia which is based in Hong Kong.

Although formed only recently, the company is in a strong position to secure major projects following negotiations with prospective clients.

A base has also been established in Singapore to develop business both on the island itself and in the nearby countries.

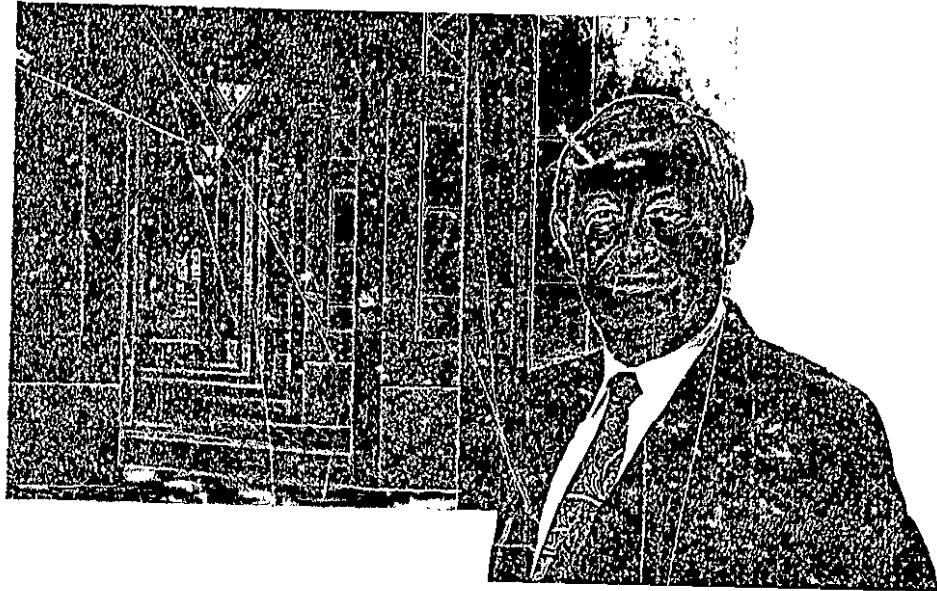




## USA

One-twenty-five High  
Street, Boston,  
Massachusetts

Photo: Jap. Dr Peter Vanderwarker



Sector chairman: David Beardmore

40

*"1991 was probably the most difficult year since the second world war for US construction companies but AMEC's robust position is increasingly recognised throughout the industry."*

AMEC companies are now operating from 32 offices in 16 states. This broad geographical coverage enables the group to adapt to the varying economies and strengths of the different regions.

The range of services was expanded during the year by the acquisition of nationally recognised environmental engineering consultant KW Brown.

Operating as part of process engineers Barnard and Burk, KW Brown solves a wide range of environmental problems through

*AMEC Holdings President David Beardmore*

*AMEC PATSON Chief executive Ian Paget*

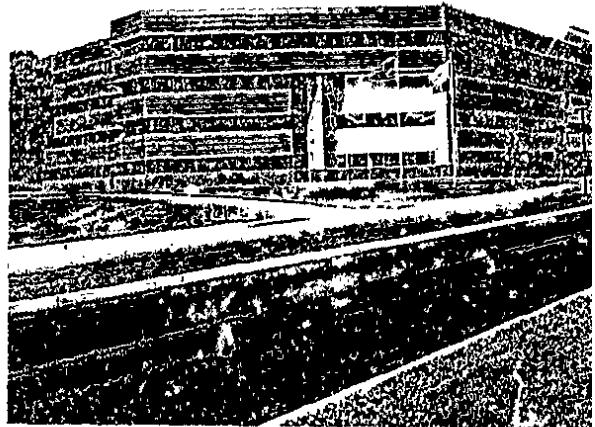
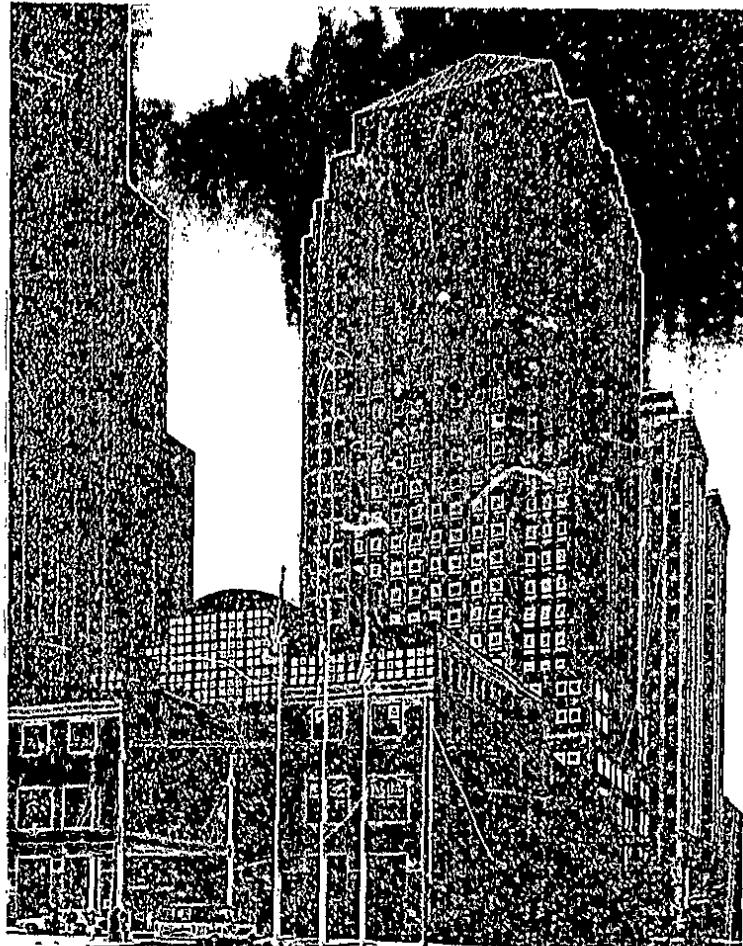
*Barnard and Burk President and chief executive officer Joe Lahey*

*Fire Protection Industries President Aus Marburger*

*Fisk Electric Company President Wallace Brasuell*

*Morse Diesel International Chairman and chief executive officer Don Piser*

*Worsham Sprinkler President George Wagner*



Above: NYNEX  
Communications  
offices, USA  
Left: The Marriott at  
Society Center,  
Cleveland, Ohio

Photographs: Tim Allen

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a proven combination of scientific, engineering and public policy expertise. Barnard and Burk also obtained additional process technology licences, strengthening the range of its services to the petrochemical and process industries. Morse Diesel International strengthened its position in the growing refurbishment market through the purchase of the nationally recognised trademark, NICO. Morse Diesel's arrival as a major force in the interiors market was heralded by the award of the contract to renovate One New York Plaza, Chase Manhattan Bank's 50-

storey office building in lower Manhattan. A stronger focus on areas outside commercial building was rewarded by more hospital/health-related projects than at any time in the company's history, construction management of a \$320 million correctional institution programme in Pennsylvania and terminal renovations at La Guardia Airport, New York.

Collaboration with other group companies in the US and Europe has led to projects for, among others, Nabisco, Coca-Cola, NYNEX Communications and a \$25 million research facility for Syntex in California.





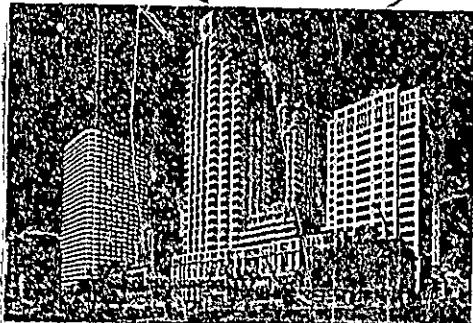
## The International Focus



"Our strengths lie in technical capability; that is our people, and the flexibility of those people. We have to work with the industries we serve - today's and tomorrow's projects are joint ventures with our clients."

*Philippe Kessler,  
Chairman, Serec*

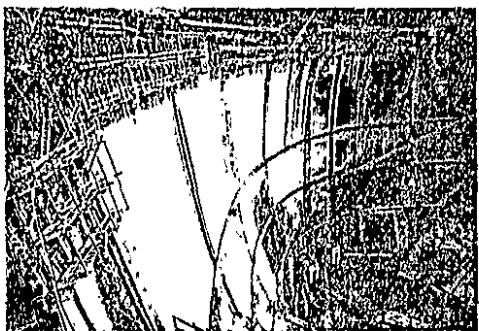
42



"The US companies have established the rapport needed to work together for specific clients as well as extending relationships to access international projects with other group companies in Europe and the Far East. The international network of AMEC companies and affiliates is steadily helping to improve services for multi-national clients."

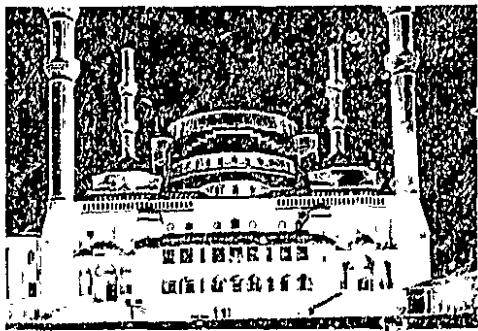
*David Beardmore,  
sector chairman, USA*





"The relationship with AMEC enables us to pursue a far wider range of opportunities than building and civil engineering – important though they are. We envisage joint venture approaches to such fields as process engineering, environmental engineering, power, gas distribution and project management."

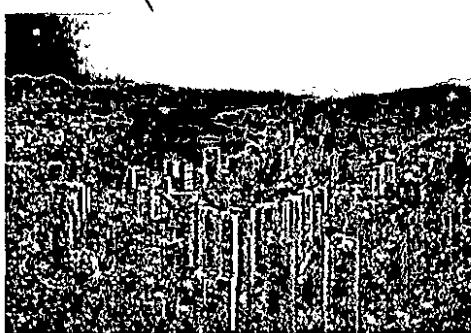
*Antonio Valadas Fernandes, chairman, GERIL-AMEC*



"Successes like Kansai and Ankara demonstrate AMEC's ability to serve clients internationally, transferring management resources and technology on a worldwide basis."

*Rudi Kisjes, main board director, international affairs*

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"Our participation in the Kuwaiti British Group has given us a unique insight into the country's needs and the many ways a group like AMEC can contribute to its rebuilding. More generally, AMEC's proven ability to provide a complete range of services to the oil, gas and petrochemical industries will create new opportunities in the region as a whole."

*David Robson, sector chairman, manufacturing and services*

"We have the depth and breadth to tackle the full range of projects – from transport infrastructure to high rise office blocks – being undertaken in this dynamic and fast growing region. The resources of the AMEC group worldwide are enabling us to access projects at an early stage and deliver the best possible solutions for clients."

*Bill Dale, sector chairman, South East Asia and Australia*



AMEC p.l.c.  
Directors, Officers and Company Information

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Directors	Secretary
A Cockshaw FEng	Chairman
J S Bateson	Chief Executive
Sir Oswald Davies CBE, DCM	
C I Bateman	Auditors
R H Peet CBE	KPMG Peat Marwick
R Kisjes	
J D Early	
E Swainson CBE	
M A Hawe	Registrars
D Clark OBE	Barclays Bank PLC
D Robson	Octagon House,
Sir John Nott KCB, PC	Gadbrook Park,
<i>Sir Oswald Davies, Mr R H Peet, Mr E Swainson and Sir John Nott are non-executive directors.</i>	
<i>Sir Oswald Davies, aged 71, was previously Chairman of Fairclough Construction Group p.l.c. and Chairman of AMEC p.l.c. from its formation through to 31 July 1984.</i>	
<i>Mr Peet, aged 66, joined the board on 1 January 1984 and was previously Chief Executive of Legal and General Group p.l.c.</i>	
<i>Mr Swainson, aged 65, joined the board on 20 July 1987 and was previously Managing Director of IMI p.l.c.</i>	
<i>Sir John Nott, aged 60, joined the board on 1 January 1992 and was previously Chairman and Chief Executive of Lazard Brothers and Co. Prior to this he was Secretary of State for Trade from 1979 to 1981 and Secretary of State for Defence from 1981 to 1983.</i>	
Principal Bankers	
Barclays Bank PLC	
National Westminster Bank PLC	
The Royal Bank of Scotland plc	
Registered Office	
Sandiway House, Hartford, Northwich, Cheshire CW8 2YA	
Registered in England	
No. 1675285	



## AMEC p.l.c. Report of the Directors

The directors have pleasure in presenting the tenth annual report and accounts being for the year ended 31 December 1991.

### 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 3 and 4 and in the operational review on pages 12 to 41.

The loss for the financial year amounting to £12.8 million is shown in the consolidated profit and loss account on page 48. The directors recommend that a final dividend of 6.25p per ordinary share be paid which, together with the interim dividend of 4.0p, makes a total ordinary dividend for the year of 10.25p. After ordinary dividends of £20.0 million and preference dividends of £11.3 million, a deficit of £44.1 million has been met by a transfer from reserves.

The final dividend will be payable on 1 July 1992 to ordinary shareholders on the register at the close of business on 8 May 1992.

During 1991 the following acquisitions were made:

In March, the company acquired a 20% shareholding in Serete SA, France's leading independent design engineering and construction management group.

In May, the acquisition of the transmission division of Hawker Siddeley Power Engineering Limited significantly enhanced the group's capability in the power industry both in the UK and overseas.

In November, a 50% interest was acquired in Gebruder Kittelberger GmbH & Co, a company based in south west Germany which carries out building and civil engineering activities and property development.

An analysis of the group's activities is given in note 2 on page 53.

### Share Capital

The present authorised and issued share capital of the company and movements during the year are set out in note 20 on pages 63 and 64. A resolution will be proposed at the 1992 annual general meeting to renew limited powers for the directors to allot the unissued share capital of the company and to issue shares for cash other than to existing shareholders.

The directors have no present intention of issuing any ordinary shares other than in respect of the conversion of preference shares, the

exercise of share options and in lieu of cash dividends. No issue will be made which will effectively alter the control of the company without the prior approval of shareholders in general meeting.

### Scrip Dividends

At the 1991 annual general meeting resolutions were passed authorising the directors to offer to ordinary shareholders the right to elect to receive additional ordinary shares, credited as fully paid, in lieu of any cash dividend declared or proposed at that annual general meeting or thereafter through to the end of the 1996 annual general meeting.

The directors have resolved, subject to the approval of the recommended final dividend of 6.25p per share for 1991, to offer ordinary shareholders the opportunity to elect once again to receive new ordinary shares in lieu of cash for this dividend.

The number of ordinary shares to be allotted in respect of the final ordinary dividend for 1991 will be calculated by reference to the average quotation of the company's ordinary shares over the five days commencing on 27 April 1992 (the date on which they will be first quoted 'ex' the relevant dividend).

Holders of any convertible preference shares converted pursuant to conversion notices served on the company prior to 12 June 1992 will not be entitled to the final ordinary dividend to be declared in respect of the financial year ended 31 December 1991 but will, upon becoming registered as the holders of ordinary shares, thereafter be entitled to make elections to receive fully paid ordinary shares instead of cash for any future dividends where a scrip alternative is available.

The directors believe that the opportunity to receive new ordinary shares instead of a cash dividend is attractive to many shareholders as it enables them to increase their holdings in the company in a simple manner without paying any dealing costs or stamp duty. In addition, to the extent that shareholders elect to receive new shares instead of cash dividends, the company will benefit from a reduction in advance corporation tax which would otherwise have been payable and the retention of the cash which would have been paid out as dividends.

### Share Option Schemes

Following the rights issue in April 1991, the price and number of outstanding options under the company's share option schemes were adjusted as required by the rules of the schemes and in accordance with calculations

AMEC p.l.c.  
Report of the Directors

agreed by the auditors. The revised figures are reflected in this report, and in note 20 to the accounts on pages 63 and 64.

**Directors**

The following were directors at 31 December 1991:

A Cockshaw	J D Early
J S Bateson	E Swainson
Sir Oswald Davies	M A Hawe
C J Bateman	D Clark
R H Peet	D Robson
R Kisjes	

Mr J W H Morgan, Mr R W Mott (having reached his normal retirement date) and Sir George Jefferson resigned from the board on 29 May 1991, 30 June 1991 and 31 December 1991 respectively.

Mr D Robson was appointed a director of the company on 14 August 1991 and Sir John Nott was appointed a director of the company on 1 January 1992. In accordance with article 91 of the articles of association of the company, they will both retire from office at the 1992 annual general meeting and, being eligible, they offer themselves for re-election. Mr Robson has a service contract with the company terminable by three years' notice. Sir John Nott does not have a service contract.

The directors retiring by rotation in accordance with article 85 of the articles of association of the company are Mr J D Early, Mr R Kisjes and Mr R H Peet and, being eligible, they offer themselves for re-election. Mr Early and Mr Kisjes have service contracts with the company terminable by three years' notice. Mr Peet does not have a service contract.

The beneficial interests in the share capital of the company of the directors holding office at 31 December 1991 were as follows:-

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1 January 1991	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
A Cockshaw	1,531	1,840	227,748	-
J S Bateson	10,000	1,600	147,046	-
Sir Oswald Davies	67,672	-	-	-
C J Bateman	24,000	-	155,244	2,466
R H Peet	28,000	16,799	-	-
R Kisjes	1,062	600	130,710	-
J D Early	3,287	2,200	156,232	-
E Swainson	4,000	2,400	-	-
M A Hawe	3,870,000	-	-	-
D Clark	1,019	-	91,674	-
**D Robson	-	-	-	-
31 December 1991	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
A Cockshaw	41,100	-	369,767	-
J S Bateson	12,695	1,600	303,514	-
Sir Oswald Davies	69,482	-	-	-
C J Bateman	25,000	-	93,446	2,574
R H Peet	37,048	16,799	-	-
R Kisjes	1,431	600	186,460	-
J D Early	4,563	2,200	263,104	-
E Swainson	5,292	2,400	-	-
M A Hawe	2,000,000	-	-	-
D Clark	1,328	-	165,707	-
**D Robson	-	-	169,985	-

\*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.

\*\*Mr D Robson had at the date of his appointment, 14 August 1991, a beneficial interest in 169,985 executive options.



## AMEC p.l.c. Report of the Directors

No director at 31 December 1991 had any other interests, beneficial or otherwise, in share capital, 15% unsecured loan stock or the unsecured floating rate loan notes of the company, nor had Sir John Nott as at the date of his appointment, 1 January 1992.

There were no changes in the directors' interests in the share and loan capital of the company between 31 December 1991 and 9 April 1992.

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.

### Substantial Interests

The directors have been notified of the undermentioned interests comprising 3% or more of the ordinary share capital of the company as at 9 April 1992.

TSB Group plc	8,711,591 shares	4.33%
Schroder Investment Management Limited	8,050,519 shares	4.00%
Norwich Union Fund Managers Ltd	7,063,557 shares	3.51%
A.M.P.Asset Management plc	6,811,131 shares	3.39%
Midland Bank p.l.c.	6,507,510 shares	3.24%
Prudential Corporation Group of Companies	6,185,112 shares	3.08%
The directors have also been notified of the undermentioned interests comprising 3% or more of the preference share capital of the company as at 9 April 1992.		
Morgan Grenfell Group PLC	15,501,987 shares	8.97%
Prudential Corporation Group of Companies	6,004,896 shares	3.48%

### Employees

In 1991, AMEC employed on average 30,056 people worldwide. Details are given in note 5 on page 55.

Further share options were granted in 1991 under the Rules of the AMEC Savings Related Share Option Scheme, in accordance with AMEC's declared objective of increasing employee awareness, participation and interest in the business of the group.

The group's management policies seek to ensure that all employees' careers are determined solely on merit. No employee will suffer because of his or her sex, race, ethnic origin or religious belief. These principles guide operations worldwide.

It is the group's policy to consider for employment suitably qualified disabled persons and to assist them in overcoming their handicaps at work. The group recognises that special arrangements are necessary in view of the nature of its main activities to ensure that disabled persons employed are properly trained for the tasks they perform.

### Donations

Charitable donations for the year amounted to £150,000. Charitable donations amounting to £57,500 in the year were also 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 1988 do not apply to the company.

### Directors' and Officers' Liability Insurance

As permitted by the Companies Act 1985 (as amended), the company has maintained insurance cover for the directors and officers of all group companies against certain liabilities which they may incur in carrying out their duties.

### Auditors

A resolution will be proposed at the annual general meeting to re-appoint KPMG Peat Marwick as auditors and to authorise the directors to fix their remuneration.

By order of the board  
M.J.Bardsley  
Secretary, 9 April 1992



AMEC p.l.c.  
Consolidated Profit and Loss Account  
For the year ended 31 December 1991

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	Note	1991 £ million	1990 £ million
<i>Turnover</i>	2	2,338.2	2,218.3
<i>Cost of sales</i>		2,159.7	2,019.2
<i>Gross Profit</i>		178.5	199.1
<i>Administrative expenses</i>		131.5	128.1
<i>Operating Profit</i>	3	47.0	71.0
Share of results of associated undertakings		(0.5)	(2.8)
<i>Net interest</i>	6	3.6	(4.8)
<i>Profit before Exceptional Item</i>		50.1	63.4
<i>Exceptional item</i>	7	(60.0)	-
<i>(Loss) Profit on Ordinary Activities before Taxation</i>		(9.9)	63.4
<i>Taxation on profit on ordinary activities</i>	8	-	21.2
<i>(Loss) Profit on Ordinary Activities after Taxation</i>		(9.9)	42.2
<i>Extraordinary items</i>	9	(2.9)	(0.9)
<i>(Loss) Profit for the Financial Year</i>		(12.8)	41.3
<i>Dividends</i>	10	31.3	25.3
<i>Transferred (from) to Reserves</i>	21	(44.1)	16.0
<i>Earnings per Ordinary Share before Exceptional Item</i>	12		
Diluted		12.3p	17.5p
Undiluted		11.8p	20.8p
<i>(Loss) Earnings per Ordinary Share after Exceptional Item</i>	12		
Diluted		(3.2p)	17.5p
Undiluted		(11.9p)	20.8p
<i>Dividends per Ordinary Share</i>	10	10.25p	10.125p

The notes on pages 52 to 66 form part of these accounts.

  
 AMEC p.l.c.  
 Consolidated Balance Sheet  
 At 31 December 1991

	Note	1991 £ million	1991 £ million	1990 £ million	1990 £ million
<i>Fixed Assets</i>					
Tangible assets	13		159.7		165.1
Investments	14		43.2		35.0
			202.9		200.1
<i>Current Assets</i>					
Stocks	15	220.9		241.7	
Debtors	16	598.3		539.4	
Cash at bank and in hand		149.0		83.1	
		968.2		864.2	
<i>Creditors: due within one year</i>	17	719.2		670.5	
<i>Net Current Assets</i>			249.0		193.7
<i>Total Assets Less Current Liabilities</i>			451.9		393.8
<i>Creditors: due after one year</i>	18	101.4		94.3	
<i>Provision for Liabilities and Charges</i>	19	-		0.3	
			101.4		94.6
			350.5		299.2
<i>Capital and Reserves</i>					
Called up share capital	20		186.9		157.9
Reserves	21		163.6		141.3
<i>Shareholders' Funds</i>			350.5		299.2

Approved by the board of directors on 9 April 1992

A Cockshaw, director

J D Early, director

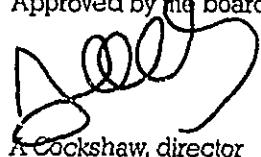
The notes on pages 52 to 66 form part of these accounts.

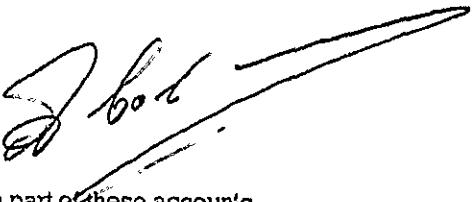
  
**AMEC p.l.c.**  
**Company Balance Sheet**  
At 31 December 1991

	Note	1991 £ million	1991 £ million	1990 £ million	1990 £ million
<i>Fixed Assets</i>					
Tangible assets	13	6.7		7.1	
Investments in subsidiary undertakings	14	260.2		249.5	
Other investments	14	23.0		27.6	
			289.9		284.2
<i>Current Assets</i>					
Debtors	16	17.9		19.0	
Cash at bank and in hand		152.9		126.3	
		170.8		145.3	
<i>Creditors: due within one year</i>	17	51.0		63.0	
<i>Net Current Assets</i>		119.8		82.3	
<i>Total Assets Less Current Liabilities</i>		409.7		366.5	
<i>Creditors: due after one year</i>	18	50.4		67.3	
		359.3		299.2	
<i>Capital and Reserves</i>					
Called up share capital	20	186.9		157.9	
Reserves	21	172.4		141.3	
<i>Shareholders' Funds</i>		359.3		299.2	

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Approved by the board of directors on 9 April 1992

  
A. Cockshaw, director

  
J D Early, director

The notes on pages 52 to 66 form part of these accounts.



AMEC p.l.c.

## Consolidated Statement of Source and Application of Funds

At 31 December 1991

	1991 £ million	1991 £ million	1990 £ million	1990 £ million
<i>Source of Funds:</i>				
(Loss) profit on ordinary activities before taxation	(9.9)		63.4	
Extraordinary items before taxation	(3.2)		(1.2)	
		(13.1)		62.2
Items not involving the movement of funds:				
Depreciation	29.4		25.1	
Exceptional item	60.0		—	
Reserves of associated undertakings	(0.7)		4.3	
Exchange and other adjustments	(0.8)		0.8	
		87.9		30.2
Total generated from operations	74.8		92.4	
Funds from other sources:				
Net proceeds from share issues	112.0		1.2	
Disposal of tangible assets and investments	14.4		12.3	
				51
<i>Total Funds Generated</i>	<i>201.2</i>		<i>105.9</i>	
<i>Application of Funds:</i>				
Purchase of tangible assets	37.5		40.8	
Purchase of goodwill	7.2		—	
Investments	17.0		23.8	
Dividends paid to shareholders	27.7		24.6	
Taxation paid	28.0		26.0	
	117.4		121.2	
Changes in working capital:				
Stocks and long-term contracts	(29.1)		6.5	
Debtors	54.4		44.8	
Creditors	(78.3)		(77.2)	
Exceptional item	60.0		—	
	7.0		(25.9)	
<i>Total Funds Applied</i>	<i>124.4</i>		<i>95.3</i>	
<i>Excess of Funds Generated over Funds Applied</i>	<i>76.8</i>		<i>10.6</i>	
Net borrowings at 1 January	(0.1)		(10.7)	
<i>Net Cash (Borrowings) at 31 December</i>	<i>76.7</i>		<i>(0.1)</i>	



# AMEC p.l.c.

## Notes to the Accounts

### 1 Accounting Policies

#### Basis of Presentation

##### *Accounting convention*

The accounts have been prepared in accordance with applicable Accounting Standards under the historical cost convention modified to include the revaluation of certain fixed assets.

##### *Basis of consolidation*

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

The company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985 (as amended).

#### Turnover

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

#### Stock

Stocks are stated at the lower of cost and net realisable value.

#### Long-Term Contracts

Amounts recoverable on long-term contracts are stated at cost plus attributable profits less provision for any known or anticipated losses and payments on account and are included in debtors.

Payments on account in excess of amounts recoverable on long-term contracts are included in creditors.

#### 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 group undertakings are taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### Goodwill

Goodwill representing the excess of the purchase consideration over the fair value of net assets acquired is charged to reserves in the year of acquisition.

#### 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

#### Pensions

Contributions to pension schemes are allocated to the profit and loss account so as to maintain a substantially level percentage of relevant payroll costs over the normal expected service lives of employees.

  
 AMEC p.l.c.  
 Notes to the Accounts

**2 Analysis by Class of Business and Geographical Area**

	Turnover 1991 £ million	Turnover 1990 £ million	(Loss) 1991 £ million	Profit 1990 £ million	Assets employed 1991 £ million	Assets employed 1990 £ million
<b>By class of business:</b>						
Building and civil engineering	771.6	865.4	24.2	30.3	6.4	(14.1)
Mechanical and electrical engineering	1,407.4	1,202.7	33.7	38.6	39.2	110.2
Property development and housing	194.0	189.6	(11.4)	(0.7)	234.6	277.6
	<b>2,373.0</b>	<b>2,257.7</b>	<b>46.5</b>	<b>68.2</b>	<b>330.2</b>	<b>373.7</b>
Internal trading	(34.8)	(39.4)	-	-	-	-
Exceptional item	-	-	(60.0)	-	-	-
Net interest	-	-	3.6	(4.8)	-	-
Unallocated assets	-	-	-	-	20.3	(74.5)
	<b>2,338.2</b>	<b>2,218.3</b>	<b>(9.9)</b>	<b>63.4</b>	<b>350.5</b>	<b>299.2</b>
<b>By geographical area:</b>						
Europe	2,129.2	1,965.8	47.7	62.4	291.0	338.0
Americas	108.0	129.5	(3.1)	2.2	26.9	32.2
Middle East, Asia and Australasia	135.8	162.4	1.9	3.6	12.3	3.5
	<b>2,373.0</b>	<b>2,257.7</b>	<b>46.5</b>	<b>68.2</b>	<b>330.2</b>	<b>373.7</b>
Internal trading	(34.8)	(39.4)	-	-	-	-
Exceptional item	-	-	(60.0)	-	-	-
Net interest	-	-	3.6	(4.8)	-	-
Unallocated assets	-	-	-	-	20.3	(74.5)
	<b>2,338.2</b>	<b>2,218.3</b>	<b>(9.9)</b>	<b>63.4</b>	<b>350.5</b>	<b>299.2</b>

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## AMEC p.l.c. Notes to the Accounts

### 3 Operating Profit

	1991 £ million	1990 £ million
Operating profit is stated after charging:		
Depreciation	29.4	25.1
Hire of plant and equipment	44.9	39.3
Property lease rentals	14.3	11.0
Auditors' remuneration	0.8	0.8

### 4 Directors' Remuneration

	1991 £ million	1990 £ million
Emoluments including pension contributions	1.4	1.2

The emoluments (excluding pension contributions) of the chairman amounted to £205,564 (1990 £179,763).

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The emoluments (excluding pension contributions) of all the directors fell within the following ranges:

£	Number	Number
5,001 - 10,000	1	-
15,001 - 20,000	4	4
30,001 - 35,000	-	1
45,001 - 50,000	1	-
50,001 - 55,000	1	-
60,001 - 65,000	-	1
75,001 - 80,000	1	2
90,001 - 95,000	1	1
100,001 - 105,000	1	-
105,001 - 110,000	-	1
110,001 - 115,000	-	1
130,001 - 135,000	1	-
150,001 - 155,000	1	1
175,001 - 180,000	-	1
205,001 - 210,000	2	-

**AMEC p.l.c.**  
**Notes to the Accounts**

**5 Staff Costs**

	1991 £ million	1990 £ million
Wages and salaries	553.9	497.8
Social security costs	49.9	44.3
Other pension costs	18.5	16.6
	<hr/> <u>622.3</u>	<hr/> <u>558.7</u>

	Number	Number
Building and civil engineering	7,637	8,348
Mechanical and electrical engineering	21,755	21,431
Property development and housing	684	717
	<hr/> <u>30,056</u>	<hr/> <u>30,396</u>

**6 Net Interest Receivable (Payable)**

	1991 £ million	1990 £ million	55
Interest payable:			
On loans wholly repayable within five years:			
- not by instalments	(9.9)	(14.8)	
- by instalments	(0.2)	(0.3)	
On loans repayable in more than five years	(0.1)	-	
On finance leases	-	(0.2)	
Interest receivable:			
Bank and short-term deposits	10.5	6.4	
Associated undertakings	1.7	2.7	
Other	1.6	1.4	
	<hr/> <u>3.6</u>	<hr/> <u>(4.8)</u>	

**7 Exceptional Item**

	1991 £ million	1990 £ million
Write down to anticipated net realisable value of property development and housing assets in the United Kingdom	<hr/> <u>60.0</u>	<hr/> <u>-</u>



## AMEC p.l.c. Notes to the Accounts

### 8 Taxation on Profit on Ordinary Activities

	1991 £ million	1990 £ million
The taxation charge is made up as follows:		
Based on the result for the year:		
Corporation tax	0.8	21.9
Double taxation relief	(0.5)	(1.0)
	0.3	20.9
Overseas taxation	1.0	3.2
	1.3	24.1
Taxation over provided in previous years	(1.5)	(2.0)
Associated undertakings	0.2	(0.9)
	-	21.2

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Taxation for the year has been provided at the rate of 33.25%  
(1990 - 34.25%)

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

21.1	4.6
------	-----

### 9 Extraordinary Items

	1991 £ million	1990 £ million
Closure cost:	(3.2)	(1.9)
Surplus on sale of subsidiary undertakings	-	0.7
	(3.2)	(1.2)
Taxation	0.3	0.3
	(2.9)	(0.9)

Closure costs relate to the flooring business in the United Kingdom and the maintenance business in Australia.


  
**AMEC p.l.c.**  
**Notes to the Accounts**

**10 Dividends**

	1991 pence per share	1990 pence per share	1991 £million	1990 £million
Ordinary shares:				
Interim	4.00	3.875	8.0	5.5
Final proposed	6.25	6.250	12.6	8.9
Adjustment for ordinary shares allotted in respect of scrip dividend alternative			(0.6)	(0.4)
	<u>10.25</u>	<u>10.125</u>	<u>20.0</u>	<u>14.0</u>
Convertible redeemable preference share			11.3	11.3
			<u>31.3</u>	<u>25.3</u>

**11 Transfer (from) to Reserves**

	1991 £million	1990 £million
Dealt with in the accounts of AMEC p.l.c.	(38.6)	25.3
Dealt with in the accounts of subsidiary undertakings	(5.5)	(9.3)
	<u>(44.1)</u>	<u>16.0</u>

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**12 Earnings per Ordinary Share**

The calculation of undiluted earnings per ordinary share, before exceptional item, is based on earnings of £21.1 million and, after exceptional item, on losses of £21.4 million (1990 – earnings of £30.8 million) and, in both cases, on 179,562,410 (1990 – 141,657,232) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share, before exceptional item, is based on adjusted earnings of £33.7 million and, after exceptional item, on adjusted losses of £8.8 million (1990 – adjusted earnings of £42.9 million) and, in both cases, on 274,939,942 (1990 – 233,797,842) ordinary shares which allows for conversion of all the convertible redeemable preference shares in issue and the allotment of ordinary shares under employee share option schemes.

The 1990 comparative figures have been adjusted to reflect the scrip element of the rights issue of 19 April 1991.



AMEC p.l.c.  
Notes to the Accounts

**13 Tangible Assets**

*Group:*

	<i>Land and buildings £ million</i>	<i>Plant and equipment £ million</i>	<i>Total £ million</i>
Cost or valuation:			
At 1 January 1991	89.3	198.1	287.7
Additions and transfers	10.3	27.2	37.5
Disposals and transfers	(6.6)	(28.1)	(34.7)
Revaluation	(0.3)	-	(0.3)
Exchange adjustment	0.3	0.4	0.7
At 31 December 1991	93.0	197.9	290.9
Depreciation:			
At 1 January 1991	4.7	117.9	122.6
Provided during the year	2.4	27.0	29.4
Disposals and transfers	(0.4)	(20.8)	(21.2)
Exchange adjustment	0.1	0.3	0.4
At 31 December 1991	6.8	124.4	131.2
Net book value:			
At 31 December 1991	86.2	73.5	159.7
At 31 December 1990	84.6	80.5	165.1
<i>Company:</i>	<i>Land and buildings £ million</i>	<i>Plant and equipment £ million</i>	<i>Total £ million</i>
Cost or valuation:			
At 1 January 1991 and 31 December 1991	6.4	1.8	8.2
Depreciation:			
At 1 January 1991	0.1	1.0	1.1
Provided during the year	0.2	0.2	0.4
At 31 December 1991	0.3	1.2	1.5
Net book value:			
At 31 December 1991	6.1	0.6	6.7
At 31 December 1990	6.3	0.8	7.1



## AMEC p.l.c. Notes to the Accounts

### 13 Tangible Assets (continued)

	Group 1991 £ million	Group 1990 £ million	Company 1991 £ million	Company 1990 £ million
The net book value of land and buildings comprises:				
Freehold	77.6	76.1	5.3	5.5
Long leasehold	6.1	6.0	0.3	0.3
Short leasehold	2.5	2.5	0.5	0.5
	86.2	84.6	6.1	6.3

Land and buildings are stated at:

Valuation 1988	2.0	2.1	-	-
Valuation 1989	62.3	63.3	6.1	6.1
Cost	28.7	23.9	0.3	0.3
	93.0	89.3	6.4	6.4

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

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

	Group 1991 £ million	Group 1990 £ million	Company 1991 £ million	Company 1990 £ million
Cost	54.4	54.9	5.8	5.8
Depreciation	10.7	8.4	0.4	0.4
Net book value	43.7	46.5	5.4	5.4
Fixed assets not depreciated:				
Land	28.5	28.5	2.4	2.4
Investment properties	11.9	13.6	-	-
Assets in the course of construction	3.7	4.5	-	-
	44.1	46.6	2.4	2.4



**AMEC p.l.c.**  
**Notes to the Accounts**

**14 Investments** (held as fixed assets)  
*Investments in subsidiary undertakings*

	Company Jr 91 £ million	Company 1990 £ million
Shares at valuation	324.8	238.0
Amounts owed by subsidiary undertakings	257.1	254.4
Amounts owed to subsidiary undertakings	(321.7)	(242.9)
	<hr/>	<hr/>
	260.2	249.5

Investments in subsidiary undertakings are stated at attributable net asset value.

*Other investments*

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	Group Associated Undertakings £ million	Group Other Investments £ million	Company Associated Undertakings £ million	Company Other Investments £ million
Net book value at 1 January 1991	27.6	7.4	27.3	0.3
Additions and transfers	16.7	0.3	1.0	-
Disposals and transfers	(0.9)	-	(5.4)	-
Goodwill on acquisition	(8.8)	-	-	-
Net movements in share of reserves	0.9	-	(0.2)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 December 1991	35.5	7.7	22.7	0.3
Represented by:				
Shares at cost less amounts written off	39.2	7.7	20.4	0.3
Share of post acquisition reserves	(3.7)	-	2.3	-
	<hr/>	<hr/>	<hr/>	<hr/>
	35.5	7.7	22.7	0.3
Investments listed on a United Kingdom Stock Exchange:				
Cost plus share of post acquisition reserves	20.3	7.7	20.3	0.3
Market value	20.9	5.7	20.9	0.2

Principal group undertakings are listed on pages 69 and 70.

AMEC p.l.c.  
Notes to the Accounts

**15 Stocks**

	<i>Group 1991 £million</i>	<i>Group 1990 £million</i>
Property development land and work in progress	199.0	217.9
Raw materials and consumables	11.7	12.4
Other work in progress	3.8	5.2
Finished goods and goods for resale	6.4	6.2
	220.9	241.7

**16 Debtors**

	<i>Group 1991 £million</i>	<i>Group 1990 £million</i>	<i>Company 1991 £million</i>	<i>Company 1990 £million</i>
<i>Due within one year:</i>				
Amounts recoverable on contracts	198.6	196.0	-	-
Trade debtors	271.3	234.6	-	-
Amounts owed by subsidiary undertakings	-	-	11.8	14.2
Amounts owed by associated undertakings	32.6	22.4	-	-
Other debtors	10.8	6.6	1.0	0.8
Prepayments and accrued income	10.9	9.1	0.9	1.0
	524.2	468.7	13.7	16.0
<i>Due after one year:</i>				
Amounts recoverable on contracts	4.0	3.3	-	-
Trade debtors	57.1	50.4	-	-
Amounts owed by associated undertakings	8.0	13.7	-	-
Other debtors	5.0	3.3	4.2	3.0
	598.3	539.4	17.9	19.0

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**17 Creditors: due within one year**

	<i>Group 1991 £million</i>	<i>Group 1990 £million</i>	<i>Company 1991 £million</i>	<i>Company 1990 £million</i>
Bank loans and overdrafts	13.0	12.7	-	-
Loan stock 1992	6.5	-	6.5	-
Trade creditors	436.9	419.5	2.5	3.1
Payments on account	93.2	80.5	-	-
Amounts owed to subsidiary undertakings	-	-	4.5	1.2
Amounts owed to associated undertakings	5.9	1.0	-	-
Corporation tax	9.9	36.7	9.4	35.3
Other taxation and social security costs	37.1	32.8	8.4	7.8
Other creditors	32.2	29.3	0.9	0.6
Accruals and deferred income	70.1	47.2	4.4	4.2
Dividends	14.4	10.8	14.4	10.8
	719.2	670.5	51.0	63.0

The 15% unsecured loan stock 1992 will be redeemed at par on 31 December 1992.



**AMEC p.l.c.**  
**Notes to the Accounts**

**18 Creditors: due after one year**

	<i>Group 1991 £ million</i>	<i>Group 1990 £ million</i>	<i>Company 1991 £ million</i>	<i>Company 1990 £ million</i>
Loans repayable:				
- between one and two years	0.8	0.8	-	-
- between two and five years	52.0	63.1	50.4	60.8
- after five years	-	0.1	-	-
	<b>52.8</b>	<b>64.0</b>	<b>50.4</b>	<b>60.8</b>
Loan stock 1992	-	6.5	-	6.5
Trade creditors	34.2	19.4	-	-
Payments on account	1.5	2.6	-	-
Amount owed to an associated undertaking	12.9	1.8	-	-
	<b>101.4</b>	<b>94.3</b>	<b>50.4</b>	<b>67.3</b>
Loans are denominated in:				
Pounds sterling	14.8	39.5	14.8	39.5
US dollars	23.9	23.7	22.0	21.3
Other overseas currencies	14.1	0.8	13.6	-
	<b>52.8</b>	<b>64.0</b>	<b>50.4</b>	<b>60.8</b>

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Interest payments on all loans vary with market rates. At 31 December 1991 the average rate payable on all loans was 8.81% (1990 - 11.85%).

Loans amounting to £50.3 million mature within one year (1990 - £60.8 million). They represent advances against facilities available to the company until December 1994 under which such loans may be refinanced on a continuing basis.

**19 Provision for Liabilities and Charges**

	<i>Group £ million</i>	<i>Company £ million</i>
Deferred taxation		
Balance at 1 January 1991	0.3	-
Deferred taxation movement	(0.3)	-
	<b>-</b>	<b>-</b>
Balance at 31 December 1991	<b>-</b>	<b>-</b>
	<i>Group 1991 £ million</i>	<i>Group 1990 £ million</i>
Accelerated capital allowances	1.9	3.7
Other timing differences	(1.9)	(3.4)
	<b>-</b>	<b>-</b>
Provided in accounts	<b>0.3</b>	<b>-</b>

There is no unprovided deferred taxation liability.



## AMEC p.l.c. Notes to the Accounts

### 20 Share Capital

The authorised share capital of the company is £250,000,000 (1990 - £220,000,000).

	1991 £ million	1990 £ million
Allotted, called up and fully paid:		
Ordinary shares of 50p each	100.5	71.3
6.5p (net) cumulative convertible redeemable preference shares of 50p each	86.4	86.6
	<hr/>	<hr/>
	186.9	157.9
	<hr/>	<hr/>

The total number of ordinary shares allotted at 31 December 1991 was 201,037,926 (1990 - 142,558,886).

The total number of preference shares allotted at 31 December 1991 was 172,800,727 (1990 - 173,229,960).

Pursuant to a resolution of the company in general meeting passed on 19 April 1991, 56,892,568 ordinary shares of 50p each were allotted, credited as fully paid, by way of rights issue in the proportion of one ordinary share for every four ordinary shares held and 12.195 ordinary shares for every 100 convertible preference shares held at the close of business on 4 April 1991. These shares now rank pari passu in all respects with the company's existing issued ordinary shares of 50p each.

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#### *Conversion and redemption of preference shares*

The preference shares are convertible into ordinary shares on 31 May (or, if later, the date five weeks after despatch to the holders of the preference shares of the audited consolidated accounts of the company and its subsidiary undertakings for the most recently ended financial period) or 30 November in each of the years up to and including the year 2008 on the basis of 48.78 ordinary shares of 50p each for every 100 preference shares.

The company must redeem at 100p per share on 1 May 2009 any preference shares which remain in issue and are outstanding at that date.

Holders of 377,329 preference shares converted their holdings into 184,061 ordinary shares on the conversion date of 21 June 1991.

Holders of 51,864 preference shares converted their holdings into 25,299 ordinary shares on the conversion date of 30 November 1991.

#### *Scrip dividends*

Subsequent to the scrip dividend alternative offered to ordinary shareholders in respect of the final dividend for 1990, 164,564 ordinary shares were allotted on 24 June 1991.

Subsequent to the scrip dividend alternative offered to ordinary shareholders in respect of the interim dividend for 1991, 129,729 ordinary shares were allotted on 16 December 1991.

#### *Share options*

In 1991 share options were granted in respect of 2,209,424 ordinary shares under the AMEC Savings Related Share Option Scheme and in respect of 2,518,945 ordinary shares under the AMEC Executive Share Option Scheme.



## AMEC p.l.c. Notes to the Accounts

### 20 Share Capital (continued)

At 31 December 1991 share options were outstanding as follows:

	Option price per share	Number of shares
<i>Savings Related Share Option Schemes</i>		
Normally exercisable in the period between:		
August 1991 and January 1992	118.30p	30,992
February 1992 and August 1994	136.53p	876,981
August 1992 and January 1993	143.68p	366,459
August 1993 and January 1994	165.71p	357,843
September 1994 and February 1995	200.19p	561,346
September 1995 and February 1996	173.37p	680,365
September 1996 and February 1997	188.00p	2,129,726
<i>Executive Share Option Schemes</i>		
Normally exercisable in the period between:		
September 1988 and September 1995	111.11p	190,221
April 1989 and April 1996	131.23p	311,637
July 1989 and July 1996	145.99p	211,591
April 1990 and April 1997	159.00p	832,110
October 1990 and October 1997	241.56p	221,360
April 1991 and April 1998	183.91p	1,027,338
May 1991 and May 1998	160.69p	37,608
August 1991 and August 1998	174.33p	99,180
May 1992 and May 1999	222.22p	485,460
May 1993 and May 2000	185.34p	146,160
May 1994 and May 2001	218.00p	2,518,945

The number of shares and price of options have been adjusted, in accordance with the rules of the respective schemes, to reflect the scrip element of the rights issue of 19 April 1991.

Currently there are 1,778 participants in the Savings Related Schemes and 155 participants in the Executive Schemes.

During the year 444,803 shares were allotted under the provisions of the Savings Related Schemes at varying prices from 111p to 209p and for a total consideration of £514,798.

In addition, 638,016 shares were allotted during the year under the provisions of the Executive Schemes at varying prices from 111.11p to 192p and for a total consideration of £930,009.

**AMEC p.l.c.**  
**Notes to the Accounts**

**21 Reserves**

	<i>Share premium account £ million</i>	<i>Revaluation reserve £ million</i>	<i>Profit and loss account £ million</i>	<i>Total reserves £ million</i>
<i>Group:</i>				
At 1 January 1991	46.0	18.1	77.2	141.3
Retained loss	-	-	(44.1)	(44.1)
Shares issued	83.0	-	-	83.0
Goodwill on acquisitions	-	-	(16.0)	(16.0)
Disposals and transfers	-	(0.5)	-	(0.5)
Other movements	-	-	(0.1)	(0.1)
<b>At 31 December 1991</b>	<b>129.0</b>	<b>17.6</b>	<b>17.0</b>	<b>163.6</b>

Cumulative goodwill on acquisitions, after related share premium and merger relief of £93.8 million (1990 - £93.8 million) written off to group reserves amounted to £69.4 million (1990 - £43.4 million).

*Company:*

At 1 January 1991	46.0	21.5	73.8	141.3
Retained loss	-	-	(38.6)	(38.6)
Shares issued	83.0	-	-	83.0
Adjustment to carrying value of investments	-	(3.9)	(9.4)	(13.3)
<b>At 31 December 1991</b>	<b>129.0</b>	<b>17.6</b>	<b>25.8</b>	<b>172.4</b>

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**22 Capital Commitments**

	<i>Group 1991 £ million</i>	<i>Group 1990 £ million</i>	<i>Company 1991 £ million</i>	<i>Company 1990 £ million</i>
Contracted but not provided in accounts	8.3	4.9	-	-
Authorised by the directors but not contracted	5.7	7.2	-	-



## AMEC p.l.c. Notes to the Accounts

### 23 Lease Commitments

	Group land and buildings 1991 £ million	Group plant and equipment 1991 £ million	Group land and buildings 1990 £ million	Group plant and equipment 1990 £ million
Current annual commitments payable under non-cancellable leases expiring:				
Within one year	0.8	0.3	0.5	0.3
Between two and five years	6.4	2.4	6.0	1.9
After five years	6.8	-	6.6	0.1
	<hr/> <hr/> 14.0	<hr/> <hr/> 2.7	<hr/> <hr/> 13.1	<hr/> <hr/> 2.3

### 24 Contingent Liabilities

	Company 1991 £ million	Company 1990 £ million
Guarantees given in respect of borrowings of subsidiary undertakings	<hr/> <hr/> 57.3	<hr/> <hr/> 100.7

AMEC p.l.c. and certain subsidiary undertakings have given counter indemnities in respect of performance bonds issued on behalf of group undertakings in the normal course of business.

### 25 Pension Arrangements

The group operates a number of pension schemes for UK and overseas employees. Over 90% of members are in defined benefit schemes. Contributions paid by employees and employers are held in funds that are separate from the group's finances and which are administered by trustees.

Pension costs are assessed in accordance with the advice of independent qualified actuaries.

The projected unit method is used to assess liabilities and future funding rates for the major scheme which covers over 94% of UK members. The latest actuarial valuation of this scheme was undertaken as at 1 April 1990. This showed that the market value of the assets was £243 million with the actuarial value of the assets being sufficient to cover 116% of the accrued benefits. Amortising the excess assets over the employees' working lives with the company, results in the present employer contribution rate of 12% of earnings. The valuation assumed that the investment returns would be 8% higher than the rate of annual salary increases.

**AMEC p.l.c.**  
**Report of the Auditors**

To the members of AMEC p.l.c.

We have audited the accounts on pages 48 to 65 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*  
KPMG Peat Marwick  
Chartered Accountants  
Registered Auditor  
Leeds

9 April 1992



**AMEC p.l.c.**  
**Statistics**  
For the five years ended 31 December 1991

	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m
<i>Consolidated Results</i>					
Turnover	2,338.2	2,218.3	1,992.6	1,309.9	793.6
Profit before exceptional item	50.1	63.4	91.3	61.6	34.5
Exceptional item	(60.0)	-	-	-	-
(Loss) profit before taxation	(9.9)	63.4	91.3	61.6	34.5
Taxation	-	21.2	30.1	21.5	12.3
(Loss) profit after taxation	(9.9)	42.2	61.2	40.1	22.2
Extraordinary items	(2.9)	(0.9)	(0.9)	5.3	(0.9)
Attributable (loss) profit	(12.8)	41.3	60.3	45.4	21.3
Dividends	31.3	25.3	24.1	15.7	8.4
Transferred (from) to reserves	(44.1)	16.0	36.2	29.7	12.9
<i>(Loss) earnings per ordinary share:</i>					
68 Diluted	(3.2p)	17.5p	25.0p	22.9p	16.3p
<i>(Loss) earnings per ordinary share:</i>					
Undiluted	(11.9p)	20.8p	34.2p	26.0p	16.6p
Dividends per ordinary share	10.25p	10.125p	9.5p	8.5p	6.5p
<i>Summarised Consolidated Balance Sheets</i>					
Assets employed:					
Fixed assets	202.9	200.1	177.9	155.8	107.1
Net current assets	249.0	193.7	160.2	124.5	20.1
	451.9	393.8	338.1	280.3	127.2
Financed by:					
Share capital	186.9	157.9	122.3	122.5	32.2
Reserves	163.6	141.3	166.0	115.5	75.7
Shareholders' funds	350.5	299.2	288.3	238.0	107.9
Loan stock	-	6.5	6.5	6.5	6.5
Loans	52.8	64.0	24.6	23.6	8.1
Other creditors	48.6	23.8	18.7	11.8	4.7
Deferred taxation	-	0.3	-	0.4	-
	451.9	393.8	338.1	280.3	127.2

**Notes**

- 1 Dividends and earnings per ordinary share have been adjusted for capital issues.
- 2 The figures are stated in accordance with the accounting policies set out on page 52.



AMEC p.l.c.  
Principal Group Undertakings  
At 31 December 1991

### Subsidiary Undertakings

- \*AMEC Construction Pty Limited, incorporated in Australia
  - AMEC Construction Services Limited
- \*AMEC Construction South East Asia Limited, incorporated in Hong Kong
  - AMEC Design and Construction Limited
  - AMEC Design and Management Limited
- \*AMEC Engineering b.v., incorporated in Holland
  - \*AMEC Engineering Nederland b.v., incorporated in Holland
- \*AMEC Holdings Inc., incorporated in the USA
- \*AMEC Holland b.v., incorporated in Holland
  - AMEC International Construction Limited, operating outside the UK
- \*AMEC Investments b.v., incorporated in Holland
  - AMEC Power Limited, incorporated in Scotland
  - AMEC Projects Limited
  - AMEC Properties Limited
  - AMEC Property and Overseas Investments Limited
  - AMEC Regeneration Limited
- \*Amrock A/S, incorporated in Norway
  - Arden Computer Services Limited
- \*Atlantic Services Limited, incorporated in Bermuda
- \*Barnard and Burk Group Inc., incorporated in the USA
  - \*Barnard and Burk Engineers and Constructors, Inc., incorporated in the USA
  - CV Buchan Limited
  - Denco Limited
- \*Denco SA, incorporated in France
  - Fairclough Building Limited
  - Fairclough Civil Engineering Limited
  - Fairclough Engineering Limited
- \*Fairclough Homes Limited
  - Fairclough-Parkinson Mining Limited
  - Fairclough Scotland Limited, incorporated in Scotland
- \*Fire Protection Industries Inc., incorporated in the USA
- \*The Fisk Group Inc., incorporated in the USA
  - Franklin Hodge Industries Limited
- \*Inpark b.v., incorporated in Holland
  - Matthew Hall Engineering Limited (now named AMEC Engineering Limited)
  - Matthew Hall Mechanical & Electrical Engineers Limited
- \*Matthew Hall Mechanical & Electrical Engineers (Pty) Limited,
  - incorporated in Australia
  - Matthew Hall Overseas Holdings Limited
  - Metal and Pipeline Endurance Limited
  - Press Construction Limited
  - Press (Humber Side Fabricators) Limited
  - Press Offshore Limited (now named AMEC Offshore Limited)
  - James Scott Limited, incorporated in Scotland
- \*Sunland Services, Inc., incorporated in the USA
  - Travel Places (International) Limited
  - Watson Steel Limited
- \*Worsham Sprinkler Co. Inc., incorporated in the USA



AMEC p.l.c.  
Principal Group Undertakings  
At 31 December 1991

### Associated Undertakings

- \*Gebruder Kittelberger GmbH & Co., a limited liability partnership established in Germany (50%)
- \*GERIL-AMEC S.G.P.S., S.A., incorporated in Portugal (50%) (Note 4)
- \*Gulliver Consolidated Limited, incorporated in Zimbabwe (35%) (Note 5)
- \*Morse Diesel International, a partnership established in the USA (50%)
- Power Corporation Plc, incorporated in the Republic of Ireland (18.38% - ordinary shares) (Note 6)
- Ringway Developments PLC (21% - B shares [partly paid 50p]) (Note 7)
- \*Serete SA, incorporated in France (20%) (Note 8)

### Investments

- \*Trafford Park Estates PLC (15.67%) (Note 9)

### Notes

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- 1 The above are, in the opinion of the directors, the undertakings principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the undertakings are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capitals are in ordinary shares.
- 3 Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiary undertakings.
- 4 The issued share capital of GERIL-AMEC S.G.P.S., S.A. is 1,626,000 shares of 1,000 Escudos each.
- 5 The issued share capital of Gulliver Consolidated Limited is 9,585,753 shares of 50 cents each.
- 6 The issued share capital of Power Corporation Plc is 116,273,491 ordinary shares of 1R1.0p each, 2,016,843 Series A convertible redeemable deferred shares of 1R1p each and 2,596,464 Series B convertible redeemable deferred shares of 1R1p each.
- 7 The issued share capital of Ringway Developments PLC is 50,000 fully paid A shares of £1 each, 6,950,000 partly paid (50p) A shares of £1 each and 7,286,000 partly paid (50p) B shares of £1 each.
- 8 The issued share capital of Serete SA is 82,000 shares of 210 Francs each.
- 9 The issued share capital of Trafford Park Estates PLC is 67,739,207 ordinary shares of 25p each.



AMEC p.l.c.  
Notice of Annual General Meeting

Notice is hereby given that the tenth annual general meeting of AMEC p.l.c. will be held at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, on Wednesday 10 June 1992 at 12 noon for the following purposes:

- 1 To consider the accounts and the reports of the directors and the auditors for the year ended 31 December 1991 and to approve a final dividend of 6.25p per ordinary share (Resolution 1).
- 2 To re-elect directors (Resolutions 2 to 6).
- 3 To re-appoint the auditors (Resolution 7).
- 4 As special business, to consider and, if thought fit, pass the following resolution:

As a Special Resolution (Resolution 8):

That the authority conferred on the directors by paragraph (i) and the power conferred on the directors by paragraph (ii) of article 12(B) of the company's articles of association be renewed for the period ending on the date of the annual general meeting in 1993 or on 10 September 1993, whichever is the earlier, and for such period:

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- (a) the section 80 amount should be £33,519,675; and
- (b) the section 89 amount should be £5,025,948.

By order of the board  
M J Bardsley  
Secretary  
8 May 1992

*Notes*

1 Resolution 8, which is a special resolution proposed in accordance with the provisions of sections 80 and 89 of the Companies Act 1985 renews the authority given to the directors at last year's annual general meeting to issue shares in the company, up to a nominal amount of £33,519,675 until the earlier of next year's annual general meeting or 10 September 1993 and also renews the power given to the directors at last year's annual general meeting to allot further shares for cash, other than by way of a rights issue, up to a nominal amount of £5,025,948.

2 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 stock holders and loan note holders for information only. Loan stock holders and loan note holders are not entitled to attend or vote at the annual general meeting.

3 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 Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, from 11.45am on 10 June 1992 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiary undertakings not expiring or terminable within one year without payment of compensation.



AMEC p.l.c.  
Sandiway House  
Northwich, Cheshire CW8 2YA  
Telephone: (0606) 883885  
Telex: 669708  
Fax: (0606) 883996

7 Baker Street  
London W1M 1AB  
Telephone: 071-224 6664  
Telex: 669708  
Fax: 071-486 1517

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