

# AMEC

Annual Report and Accounts 1987

11675285



AMEC

# 11-07-88

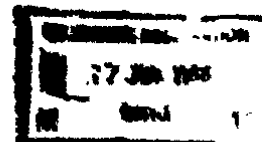
AMEC p.l.c.

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## Group Strategy

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- ✓ AMEC offers one of the most comprehensive construction and engineering services in the United Kingdom. The strength of the group's core businesses is the foundation of that service.
  - ✓ In order to meet the increasing demands of our markets the group's capability will be enhanced both by internal growth and by acquisitions. AMEC's proven management team, financial strength and stringent controls give a sound base for successful evolution.
  - ✓ The group will continue to develop its housing and property activities and will explore and progress the opportunities available in industrial and urban renewal. AMEC's involvement will also be increased in building services and building products and other sectors where there is growth and profit potential. This policy applies both at home and overseas. All new initiatives will be based on AMEC's existing management knowledge and experience.
  - ✓ AMEC recognises the need to reduce its dependence on the United Kingdom economy. Overseas activities will therefore continue to be developed, primarily through indigenous businesses.
  - ✓ AMEC's overall aims are to ensure that the group can offer any construction and engineering service the customer needs and that every service offered will be the best in its market.
  - ✓ The integration of this range of resources within the group adds an extra dimension of comprehensive and united strength which makes the AMEC service unique.
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## Results at a Glance and Financial Calendar

### Results at a Glance

	1987 £ million	1986 £ million
Turnover	798.6	711.0
Profit on ordinary activities before taxation	34.5	30.5
Profit on ordinary activities after taxation	22.2	19.5
Shareholders' funds	107.9	99.8
Earnings per share	34.5p	30.0p
Dividends per share	13.0p	12.0p

### Financial Calendar

#### Publication of Results

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

Interim report for half year to 30 June	late August
Preliminary profit announcement for year to 31 December	early April
Report and accounts for year to 31 December	late April

#### Dividends

Interim dividend	payable late December
Final dividend	payable early July

#### Loan Stock Interest

payable 30 June and 31 December

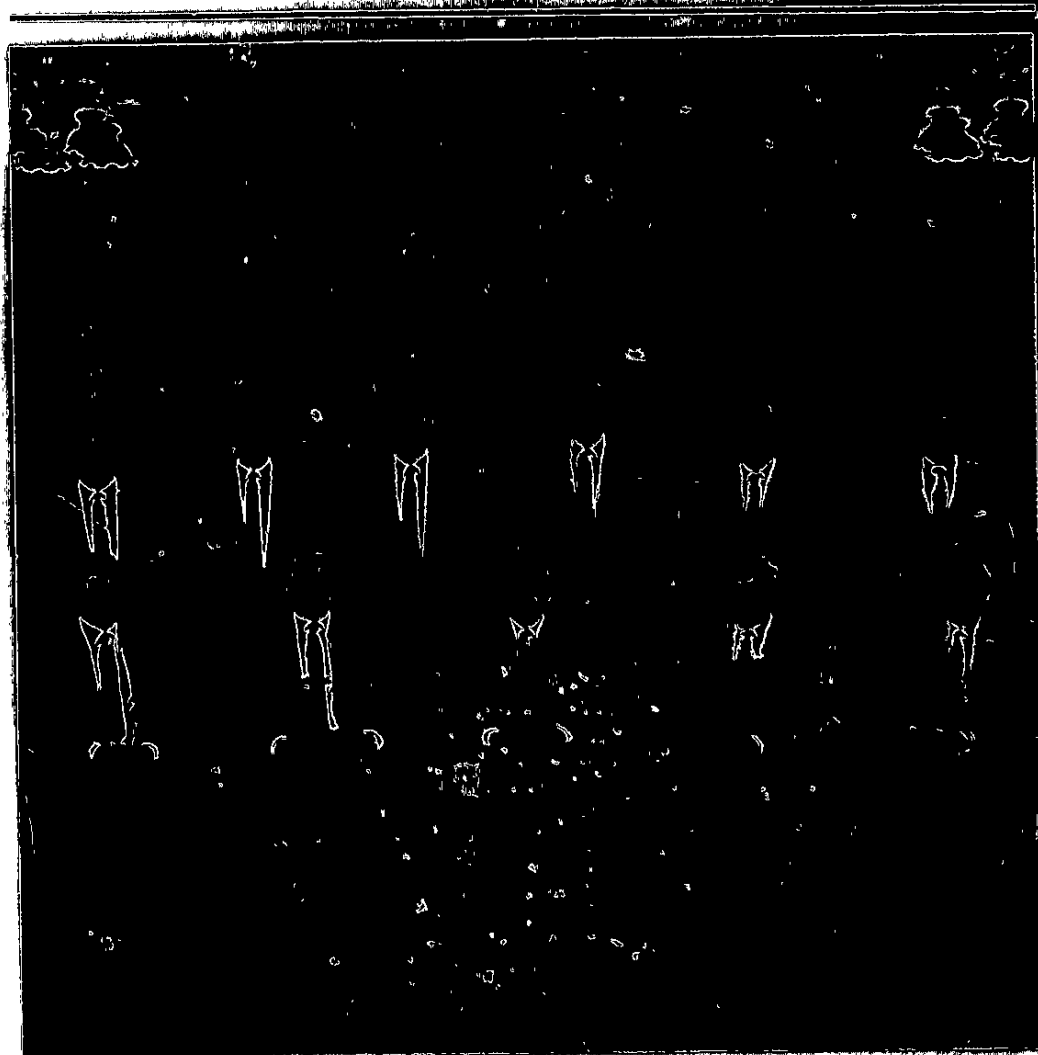
#### Annual General Meeting

held mid May

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AMEC plc

## Board of Directors



Seated left to right: Bill Post CBE, J. Southam MBE, JPH Morgan MBE,  
Sir Gerald Warner CBE MBE, J Southam CBE.  
Standing left to right: JPH MBE, J. Morgan, Sir David,  
Sir Wilfrid MBE, Sir Bernard, Sir Bernard.

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## Chairman's Statement

✓ Your group has maintained the steady improvement in performance which the interim results foreshadowed. Profit before tax has risen from £30.5 million last year to £34.5 million and earnings per share are up from 30p to 34.5p. The board is recommending an increased final dividend of 8.25p giving a total of 13.0p per share compared with 12.0p last year.

This year our annual report includes a group strategy statement. Strategic planning is a dynamic process and as new opportunities arise the statement will be adapted, reflecting our response. Our commitment as a group to profitable growth, to quality and to customer service will not change.

1987 was a year in which we produced satisfactory results in line with our expectations and in which strong foundations were laid for more rapid growth in the future. Order books are at a high level throughout the group providing a sound basis for this growth.

Work has been plentiful in all sectors though competition continues to be strong. Fairclough Building's performance has been outstanding in these conditions, benefiting from its high reputation, stringent quality standards and balanced regional spread of activities. The business of AMEC Projects has also expanded.

The performance of Fairclough Civil Engineering improved during the second half of the year after a dull first half. Whilst this sector remains highly competitive, work availability has increased, order books are at a satisfactory level and current year prospects are encouraging.

Press Construction remains strong, particularly in nuclear related work. Whilst profits were lower than anticipated, the current order book is at a high level and includes two contracts which are among the largest ever awarded to the company.

Fairclough Homes has turned in another excellent performance, racing ahead of forecasts both in volume and profitability. This company continues to enhance its national reputation for high quality, individually designed housing at all price levels. Further marked growth will be achieved in 1988.

AMEC Properties is another vital element in the group's future expansion. Its progress continued in 1987 and, although no major developments were completed during the year, the future will benefit from the wide range of developments now in place, including Harbour Exchange in London's Docklands. The forward sale of this development was achieved at the end of 1987 and the transaction was completed in March of the current year.

Overseas, whilst we intend to undertake less general contracting from the United Kingdom we will continue to take advantage of outstanding individual opportunities to utilise the group's specialist skills. One such opportunity, is the US \$130 million Ankara natural gas contract, the largest single contract ever awarded to the group overseas. We are especially pleased that HM Government gave the support necessary to secure it for the United Kingdom.

In general we intend to expand gradually overseas by acquiring indigenous companies. Activity in the United States is a priority and we have now identified the geographic areas in which we wish to trade. Proposals have been formulated for the establishment of our own United States corporate office and our first acquisition, that of Philadelphia based Fire Protection Industries, has already been made.

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## Chairman's Statement

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AMEC now has a balance of resources which can weather cyclical downturns, take advantage of profitable opportunities and ensure for the customer a comprehensive service of high quality. This is our base for further achievement. Everyone in the group is part of this progress.

I offer them all my thanks.

Turning to more personal matters, it is now almost four years since I was honoured to take over the chairmanship of the board of the company having joined as a non-executive director some 9 months previously. That was at a time some two years on from the merger and in succession to Sir Oswald Davies with Alan Cockshaw taking on the role of chief executive. A great deal has been accomplished since then. Your board has overseen the rebuilding of a strong management team, a solid improvement in results and a restoration of confidence in our performance. Investors now have a much greater awareness of the many facets of the group's activities. Furthermore, we have moved into exciting and potentially rewarding new areas of business from a strengthened platform and have a very confident team of executives eager and able to seize future opportunities.

Having now attained the age of 60, it is timely that I should hand over the leadership to younger men who have already amply demonstrated a capacity to take us forward.

With effect from 19 May 1988, the day after our annual general meeting, Alan Cockshaw will become executive chairman and John Bateson will move from deputy to chief executive. Both have been in senior executive positions within the group for a long time and have made major contributions to the success we have so far achieved. I have every confidence in the future direction of the group and am very pleased to accept an invitation to continue to serve as a non-executive director. I will be joining the strong body of non-executive directors we have assembled to guide and assist the executive directors and to contribute to the continuing successful development of the group.

  
JW BATESON ESq

# 11-07-88



In London's Piccadilly, AMEC is participating in the development of the Grosvenor complex into a major leisure, commercial and business centre



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## Operational Review

■ A year ago AMEC's report and accounts for 1986 clearly demonstrated that the process of rationalisation and reorganisation within the group was well advanced. A carefully selected and structured senior management team was in place and the group could look forward to a solid future of profitable growth.

The 1986 review emphasised that the sound performance of AMEC's core businesses continued. At the same time, involvement in the newer areas of housebuilding and property development was increasing and early results suggested significant promise. It was pointed out that 1987 would be a year in which AMEC's strong cash position would be used to speed the evolution of these more capital-intensive businesses and that the rewards of that investment would be realised in future years.

The review of 1987 covers the progress made towards AMEC's aim of a fully comprehensive and integrated business, in which traditional and newer elements, individually and together, will offer a service of unique quality to the group's customers.

This aim underlay the formation of AMEC five years ago. During 1987 the group has moved towards it with speed, determination and success.

Turning first to newer interests, 1987 has seen very substantial investment, through AMEC Properties, in such projects as Harbour Exchange in London's Docklands, Mulberry Business Park in Wokingham, a major office building "81st on Fountain" in Manchester's premier financial area and in other schemes from London to the industrial North West.

Clearly no short-term profit was to be expected from these schemes in 1987. Since the accounts were finalised, however, sales of Harbour Exchange, 81st on Fountain and phase one of Mulberry Business Park have been successfully completed.

The group also remains highly satisfied with its investment in Dublin property company Power Corporation Plc. Power Corporation was successfully floated on the London and Dublin Stock Exchanges in October 1987 and is involved in an increasing number of major retail schemes in both the Republic of Ireland and the United Kingdom. The Trocadero in London's Piccadilly is one of the most exciting of these schemes in which AMEC is also participating.

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The first building in Harbour Exchange, London's Docklands,  
a development by AMEC Properties where Fairclough is  
carrying out the foundation and building works

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Fairclough Homes used traditional methods in the construction of the unusual Chrysler development in the Pyke, near Macclesfield

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AMEC plc

## Operational Review

AMEC's joint venture housebuilding company, Fairclough Homes, established in 1988, was not a new creation. It combined the complementary strengths of two existing housebuilding companies, Hammerfine in the North West and Fairclough Building in the South.

The joint venture has evolved very successfully during 1987, fully justifying the significant cash input required. Original growth targets were for 2,000 completions annually by the early 1990's. These have now been revised and the company is well on course to achieve that number by the end of 1988.

Fairclough Homes now has 10 regional offices, each with its own managing director and strong management team, and is involved in every kind of property from starter homes to retirement flats. This early progress augurs well for the company's future.

So far as AMEC's more traditional activities are concerned, recent markets in many areas of contracting have been exceptionally difficult. Overall, however, this part of the group continues to compete effectively and order books are at high levels in the current year.

The breadth of Fairclough Civil Engineering's activities, from the THORP project at Sellafield, Cumbria to traditional highway and railway work and a growing involvement in water and power generation, provides a firm basis for confidence in the future.

In addition, the company has been reorganised into a single corporate entity operating through regional offices. This new structure reduces fixed costs and will create greater responsiveness, both to major projects and to local opportunities in each region. The headquarters of Fairclough Civil Engineering remain at Adlington, Lancashire, where Fairclough was founded 105 years ago.

Fairclough Scotland, AMEC's Scottish building and civil engineering company, has seen a satisfactory year of achievement with an efficient organisation taking full advantage of available opportunities. The company's building operations included the completion of

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AMEC plc

## Operational Review

the annexe to the National Library of Scotland in Edinburgh. An increasing number of clients now prefer to work with Fairclough Scotland on a regular basis by negotiation, demonstrating the increasing reputation of this company.

In England and Wales, Fairclough Building has performed outstandingly, fulfilling the promise of the interim figures. The national network of divisional and regional offices has been strengthened, with a new office at Bishop's Stortford and an enlarged divisional office at Surbiton serving the Southern market.

Major features of the year have included the design and build contract for Kellogg on a plant just outside Manchester, where the most stringent standards of work quality have been achieved by both Fairclough Building and other group companies involved. The success of this contract has reinforced the longstanding relationship between Kellogg and Fairclough Building's western division.

Fairclough Building is also working on buildings one to five of Harbour Exchange in London's Docklands, of which building three was developed by AMEC Properties. These buildings are among the most advanced and architecturally outstanding to be erected in Docklands and the group is proud of its involvement with them.

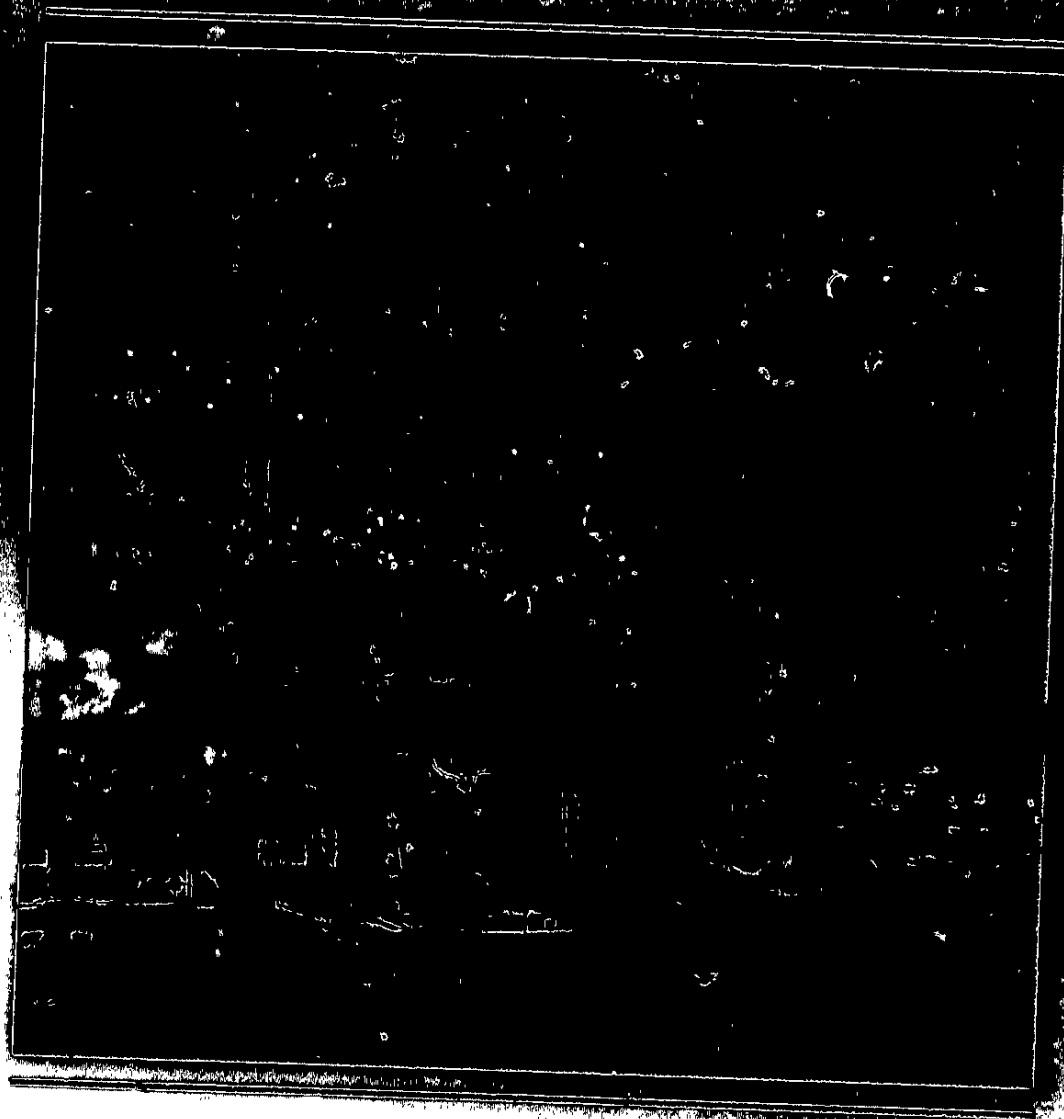
The building company has also made a speciality of high quality refurbishment, which has included work on 34-37 Parliament Street, opposite the Palace of Westminster, and the 1888 Lloyd's building in the City of London. Notable completions were the famous Midland Hotel in Manchester, the city's largest single refurbishment project, which is now trading as the Holiday Inn Crowne Plaza Midland and the Hyatt Carlton Tower Hotel in London.

The business of AMEC Projects has continued to expand during the year and the company has established a new regional office at Ruimsip to meet the demands for its construction management and management contracting services in and around London.

The year also saw a good performance from the companies grouped under the banner of Fairclough Engineering

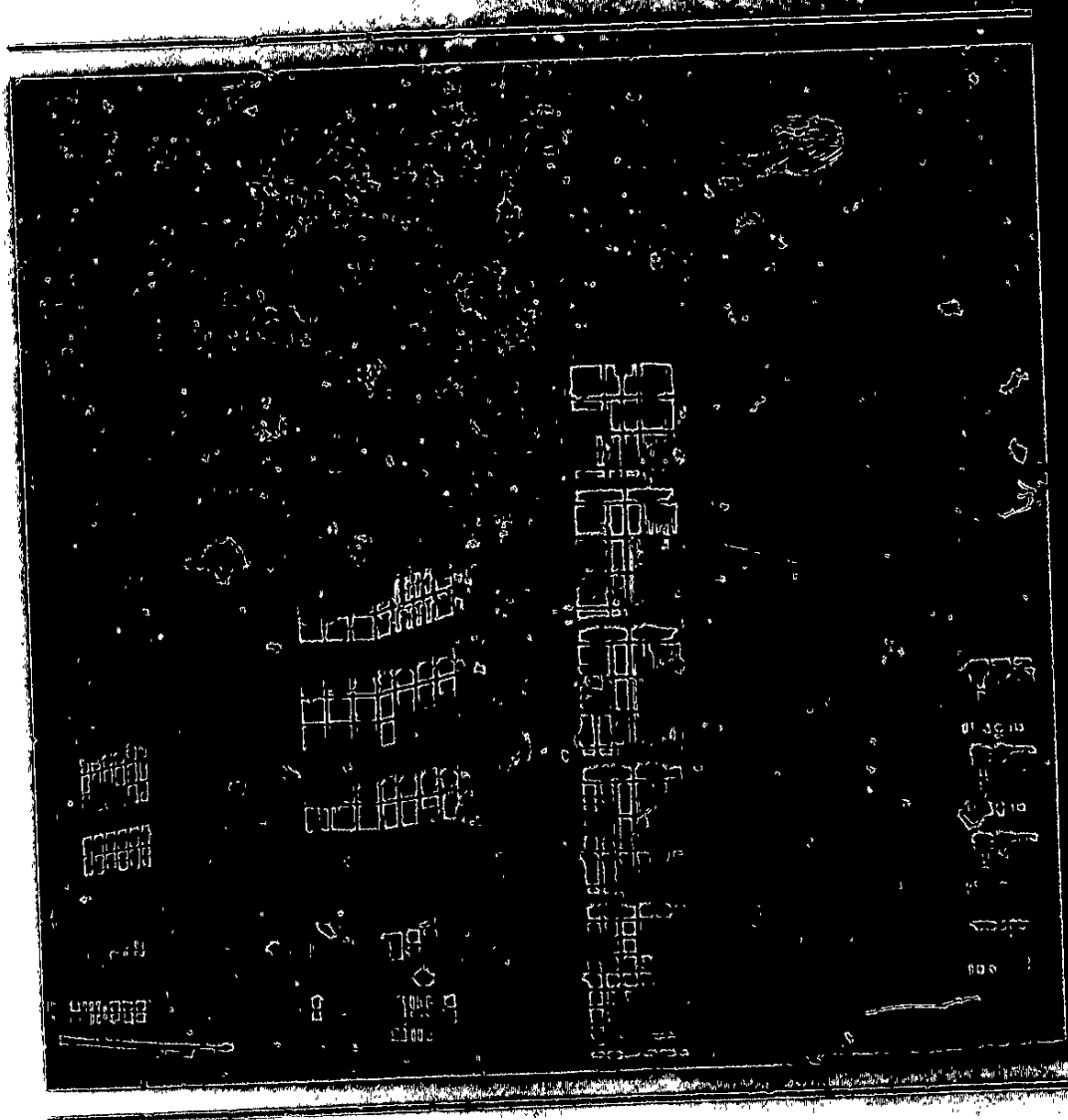


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NOTE: great emphasis is placed on work at  
British Nuclear Fuels' sensitive sites in Canada, where high  
specification construction is required.

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The entrance to the National Library of Scotland in Edinburgh,  
built by Peterborough Scotland

## Operational Review

In Bristol, Robert Watson continued to demonstrate outstanding work quality and responsiveness to client needs and, with demand for the company's services increasing, a factory extension is planned to expand capacity. The Bristol company rounded off the year by winning the premier award in the 1987 Structural Steel Design Awards.

AMEC's groupwide dedication to quality was further demonstrated by Robert Watson in Bolton, which has become the first United Kingdom steel fabricator to obtain quality assurance registration to BS 5750 part one. This company's workload continues to be dominated by the THORP project where the standard of structural steel fabrication achieved is without doubt the highest ever seen in the United Kingdom.

CV Buchan has maintained its strong position in the market for pre-stressed and reinforced concrete beams. Hollowcore flooring is seen as a growth area and Buchan has invested in equipment for its manufacture. Significant orders have already been completed and the increasing numbers obtained confirm the potential of this initiative.

Moving into the offshore sector, Press Offshore ended the year on an exciting note with the award, in joint venture, of fabrication work to the value of £60 million for the second phase of the Morecambe Bay gasfield development.

The company has confirmed its dominant position in the fabrication market and, with increasing opportunities in the Southern gasfields anticipated, has expanded its construction facilities on Tyneside by 26 acres. Press Offshore now owns four fabrication yards, all of which will be substantially utilised during the current year.

The services side of the business, based in Aberdeen and Great Yarmouth, has also performed well with the award of several major hook-up and commissioning contracts. However, evolution in the North Sea with larger modules and a higher proportion of shallow water work, is likely to lead to falling demand in this area from 1989. The company is therefore actively exploring opportunities to use its expertise abroad and has already moved in this direction by establishing a joint venture company in Malaysia to pursue opportunities in that territory.



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## Operational Review

The market for the oil related design services of AMEC's 51% owned company, Worley Santa Fe Limited, has unfortunately failed to recover and with little likelihood of any significant improvement the company has now been wound down.

As in the case of Fairclough Civil Engineering, in the earlier part of the year, Press Construction felt the impact of slow claims settlements. Despite this, the future looks encouraging, with a strong order book demonstrating the industrial engineering division's outstanding reputation for expertise in the most advanced and complex work environments.

The company's utilities division continued as the leading contractor in this industry in the United Kingdom, securing projects for the 12 regions controlled by British Gas and adding to its work for Thames Water.

Overseas, responsibility for utilities work has been transferred from AMEC International to Press Construction and the award of the major Ankara gas distribution contract, referred to in the chairman's statement, is an especially exciting development. This contract offered a major opening for Press Construction's unique gas distribution expertise. The high procurement element in the contract enabled AMEC, with support from both HM Government and British Gas, to secure a British award that will also be of considerable benefit to the United Kingdom gas appliance manufacturing industry.

1987 saw MAPEL, AMEC's quality assurance and engineering service company, become a division of Press Construction. This will produce savings in administration while giving access to greater back-up services from a larger unit already operating in complementary markets. MAPEL's services are increasingly in demand, particularly on major projects where other group companies may be involved.

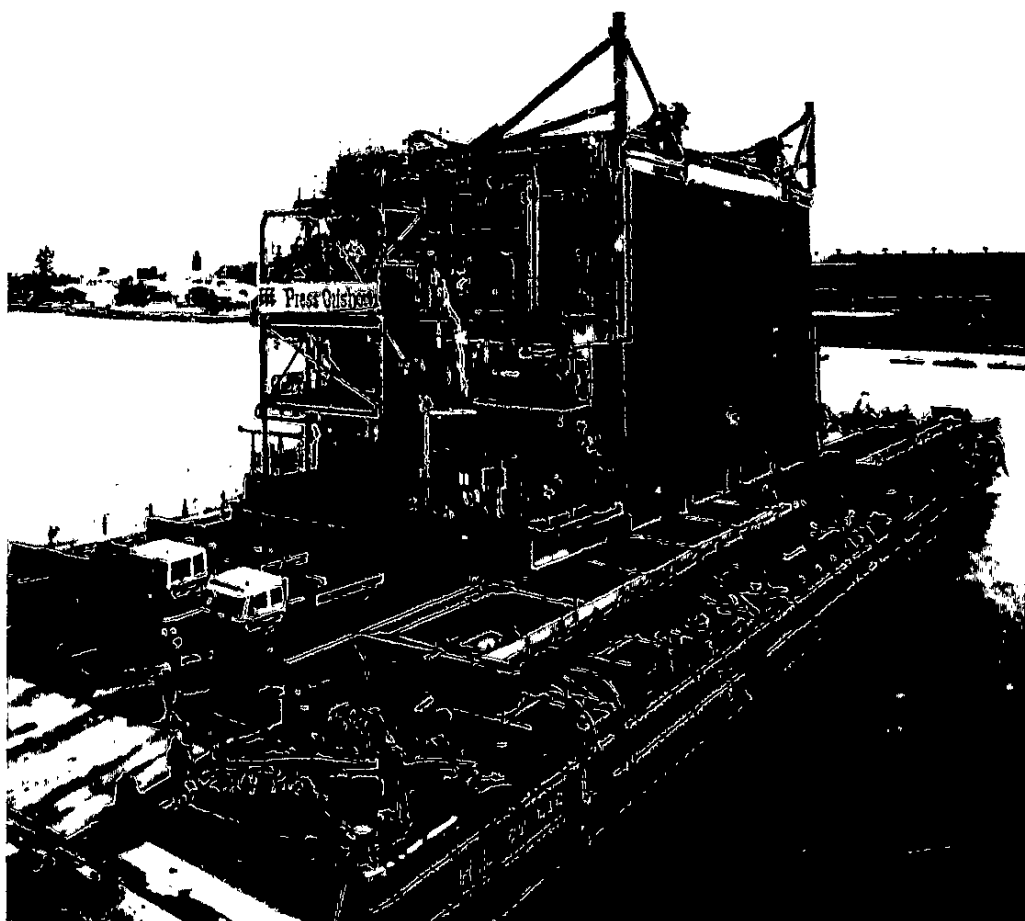
James Scott demonstrated improved performance during the year, with several major contracts both in the North and in the London area, where projects included work on the Bank of England and London City Airport. This company is now able to undertake an increasingly sophisticated level of work and it is intended to build on this development to add a valuable further dimension to group capability.

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Paisley Building undertook the extensive restoration of the Midland Hotel in Manchester for Building Inc., restoring the Victorian hotel to its former grandeur.

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Modules for the Marathon Brae B platform being loaded  
out from the Tyneside yards of Press Offshore



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AMEC plc

## Operational Review

AMEC's opencast mining company, Fairclough-Parkinson Mining, started coaling in 1987 on its Nant Helen contract in South Wales while in Scotland, the Blindwells opencast site achieved its planned five million tonnes of coal by mid-year.

Good progress has also been achieved on other sites and, with a strong management team in place, this company is well placed to take advantage of the further opportunities which will arise as the opencast industry expands and develops.

On the manufacturing side of AMEC's business, Denco enjoyed another good year. This company remains in the forefront of its market, actively developing new products, and its substantial order book has confirmed the value of recent investment in new manufacturing facilities.

At Wentworth Club, a major expansion programme has been planned to enable it to keep abreast of the enormous potential and growth in the leisure market. The most significant area of expansion will be the construction of a new clubhouse with a full range of facilities. A third championship golf course, to add to the existing East and West courses, is already under construction.

AMEC's overseas activities were restructured during the year, with operational responsibility for each project now devolved to the group company whose individual skills and expertise are relevant. Thus Press Offshore has responsibility in Malaysia, Press Construction for the Ankara contract and Fairclough Civil Engineering for work in the Falklands, on Ascension Island, in Egypt and elsewhere.

AMEC's businesses in Australia are now grouped under the banner of AUST-AMEC. Performance improved during the year and client demand is increasing rapidly, particularly in the active Sydney market.

As the group strategy indicates, the main thrust of future expansion overseas will not be through traditional contracting but via the acquisition of carefully selected indigenous businesses.

## Operational Review

The current priority is development in the United States where AMEC already has a sound base of experience in building services gained through Fisk Electric. Although Fisk's results have continued to be affected by the depressed Texan economy, the group now aims to capitalise on that experience to develop in areas of faster growth. The acquisition of Fire Protection Industries of Philadelphia together with the establishment of a small corporate office in San Francisco are the first steps in this programme.

As part of the construction and engineering industry, safety on site is a prime concern and 1987 saw AMEC winning further awards from the British Safety Council.

During 1987, the group has stepped up efforts to improve the effectiveness of communications with employees. Training programmes have been reinforced and an increased emphasis is being placed on the development of personal potential. This applies at all levels from apprentices and graduate recruits to the most senior management.

AMEC is a family of integrated companies, each strong in its own right, but together a far more powerful force. The group aims to achieve the highest standards of excellence in every area of activity, both in quality of work and in customer service. These efforts demand dedication and commitment from everyone in the group. With that commitment as a firm foundation AMEC looks forward to the future with confidence.

11-07-88



The Building Plans, Boston, USA where Fiat Electric Company  
carried out electrical installations

AMEC plc

## Directors, Officers and Company Information

### DIRECTORS

JWH Morgan FEng *Chairman*  
A Cockshaw FEng *Chief Executive*  
Sir Oswald Davies CBE DCM  
JS Bateson *Deputy Chief Executive*  
CI Bateman  
RH Peet CBE  
RW Mott  
R Kisjes  
JD Early  
GO Whitehead CBE  
E Swainson CBE

Sir Oswald Davies, Mr RH Peet and  
Mr E Swainson are non-executive  
directors

Sir Oswald Davies, aged 67, was  
previously Chairman of Fairclough  
Construction Group plc and Chairman  
of AMEC plc from its formation  
through to 31 July 1984

Mr Peet, aged 62, joined the board on  
1 August 1984 and was previously Chief  
Executive of Legal and General  
Group plc

Mr Swainson, aged 61, joined the board  
on 20 July 1987 and was previously  
Managing Director of IMI plc

### SECRETARY

MJ Bardsley

### JOINT AUDITORS

Price Waterhouse  
Peat Marwick McLintock

### REGISTRARS

Barclays Bank PLC  
Octagon House,  
Gadbrook Park,  
Northwich,  
Cheshire CW9 7RD

### PRINCIPAL BANKERS

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

### REGISTERED OFFICE

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

AMEC plc

## Report of the Directors

The directors have pleasure in presenting the sixth annual report and accounts being for the year ended 31 December 1987.

**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 5 and 6 and the operational review on pages 8 to 20.

On 22 December 1987 the company acquired the minority interests in the share capital of Press (Great Yarmouth) Limited including those of a director of that company.

On 31 December 1987 the group acquired for the sum of US\$7.6 million all of the issued stock of Fire Protection Industries Inc., a company based in Philadelphia, USA and operating as a contractor for the installation of fire protection equipment.

The profit for the year available to shareholders amounting to £21.3 million is shown in the consolidated profit and loss account on page 26. The directors recommend that a final dividend of 8.25p per ordinary share be paid which, together with the interim dividend of 4.75p makes a total distribution of £8.4 million and a transfer to reserve of £12.9 million.

The final dividend will be paid on 1 July 1988 to members on the register at the close of business on 27 May 1988.

An analysis of the group's activities is given in note 2 on page 31.

**SHARE CAPITAL**

The present authorised and issued share capital of the company is set out in note 22 on page 38.

At the 1987 annual general meeting the shareholders, by special resolution in accordance with the provisions of the Companies Act 1985, gave the directors limited authority to issue shares for cash, other than to existing shareholders, during the period up to the 1988 annual general meeting.

No shares have been issued by the directors pursuant to this authority. A special resolution, resolution 7, to grant further limited authority to the directors to issue shares for cash is set out in the notice of the meeting on page 44.

With regard to the above proposed special resolution, it should be noted that The Stock Exchange does not require the consent of shareholders to be obtained in respect of each specific issue by a company of equity capital for cash other than to existing shareholders in proportion to their respective current shareholdings. This relaxation is subject to the consent of shareholders being obtained in accordance with the proposed special resolution referred to above and to the period of the directors' authority not being greater than 15 months from the date when the authority was obtained.

**SHARE OPTION SCHEMES**

The Finance Act 1967 (as amended by the Finance (No. 2) Act 1967) contains a provision whereby it is possible for persons holding options under a share option scheme approved under either the Finance Act 1960 or the Finance Act 1984 and whose options are held over the share capital of a company which becomes the subject of a successful takeover, to waive their existing options and receive instead, with the agreement of the acquiring company, options over shares of the same value in that company or in the company controlling the acquiring company, which options will be held under the same terms as the existing options. Resolutions 8 and 9 as set out in the notice of the meeting on page 44 authorise the directors to amend the AMEC share option schemes to incorporate this provision.

**DIRECTORS**

The following were directors at 31 December 1987

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



AMEC plc

## Report of the Directors

Mr E Swainson was appointed a director with effect from 20 July 1987 and, in accordance with Article 91 of the Articles of Association of the company, he retires from office and, being eligible, he offers himself for re-election. Mr Swainson does not have a service contract.

The directors retiring by rotation in accordance with Article 84 of the Articles of Association of the company are Sir Oswald Davies, Mr JS Bateson and Mr CI Bateman and, being eligible, they offer themselves for re-election. Sir Oswald Davies does not have a service contract. Mr Bateson and Mr Bateman both have service contracts with the company terminable by 24 months' notice.

The beneficial interests in the ordinary share capital of the company of the directors holding office at 31 December 1987 were as follows:

1 January 1987	Shares	Executive options**	SAYE options**
JWH Morgan	7,500		
A Cockshaw	700	54,000	
Sir Oswald Davies	33,836		
JS Bateson	500	40,000	
CI Bateman	12,000	40,000	651
RH Peel	14,000		
RW Mott	7,000	40,000	3,259
R Kijes	500	15,000	
JD Early	1,000	15,000	
GO Whitehead	500		
E Swainson			

31 December 1987	Shares	Executive options**	SAYE options**
JWH Morgan	7,500		
A Cockshaw	700	89,000	
Sir Oswald Davies	33,836		
JS Bateson	500	75,000	
CI Bateman	12,000	65,000	1,860
RH Peel	14,000		
RW Mott	7,000	70,000	3,259
R Kijes	500	40,000	
JD Early	1,000	45,000	
GO Whitehead	500	30,000	
E Swainson	2,000		

\*Mr Swainson acquired a beneficial interest in 2000 ordinary shares on 13 August 1987.

\*\*The Executive options and the SAYE options were granted under the terms of the AMEC Executive Share Option Scheme and the AMEC Savings Related Share Option Scheme respectively which were approved at the extraordinary general meeting held on 16 May 1985, the terms of which are set out in Note 22 on pages 36 and 38.

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

There were no changes in the directors' interests in the share and loan capital of the company between 31 December 1987 and 7 April 1988.

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

## FIXED ASSETS

Movements in fixed assets during the year are set out in notes 14 and 15 on pages 34 to 36. In the opinion of the directors, the market value of the group's land and buildings at 31 December 1987 was in excess of book value but, in relation to the group's affairs as a whole, this difference is not significant.

## SUBSTANTIAL INTERESTS

The directors are not aware of any notifiable interest comprising 5% or more of the ordinary share capital of the company as at 7 April 1988.

## EMPLOYEES

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

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

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

Further share options were granted in 1987 under the Savings Related Share Option Scheme in accordance with the group's declared objective of increasing employee awareness and participation in the business of the group.

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

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

The health and safety at work of all employees continues to be a priority and the majority of subsidiary companies and divisions have again won British Safety Council awards during the year. The group's safety policies and procedures remain under constant review in order to achieve further improvement.

The group's training arrangements have been extensively reviewed during the year and have resulted in several new initiatives. Particular emphasis is being placed on senior management development programmes in 1988.

## DONATIONS

Charitable donations for the year amounted to £69,000 including £80,000 to the AMEC Charitable Trust. Charitable donations amounting to £68,000 in the year were made by the AMEC Charitable Trust.

## STATUS FOR TAXATION

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

## AUDITORS

The directors, having been informed that the partners of Armitage & Norton were ceasing to practise in that name with effect from 30 September 1987, appointed Peat Marwick McLintock as the company's joint auditors from that date to fill the vacancy created.

The directors consider it inappropriate to retain two major firms as joint auditors and decided to request competitive tenders from each of Price Waterhouse and Peat Marwick McLintock. The tender of Peat Marwick McLintock was successful and accordingly Price Waterhouse will not be seeking re-appointment at the annual general meeting. The directors would like to express their thanks and appreciation to Price Waterhouse for the services which they have provided to the group.

A resolution will be proposed at the annual general meeting to re-appoint Peat Marwick McLintock as auditors and to authorise the directors to fix their remuneration. Special notice of this resolution has been received as prescribed by the Companies Act 1985.

By order of the board  
M J Bardsley  
Secretary  
7 April 1988

*M J Bardsley*

# 11-07-88

AMEC plc

## Consolidated Profit and Loss Account FOR THE YEAR ENDED 31 DECEMBER 1987

	Note	1987 £million	1986 £million
TURNOVER	2	798.6	711.0
Cost of sales		717.0	655.5
Gross profit		76.6	75.5
Administrative expenses		49.1	48.9
OPERATING PROFIT	3	27.5	26.3
Income from related companies	6	6.8	1.4
Income from investments	7	-	1.2
Net interest receivable	8	0.2	1.8
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		34.5	30.8
Taxation on profit on ordinary activities	9	12.3	11.0
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		22.2	19.8
Minority interests		-	0.2
PROFIT BEFORE EXTRAORDINARY ITEMS		22.2	19.3
Extraordinary items	10	0.9	1.0
PROFIT FOR THE FINANCIAL YEAR		23.3	18.3
Dividends	11	8.4	7.7
TRANSFER TO RESERVE	12	14.9	10.6
EARNINGS PER SHARE	12	34.8p	30.0p
DIVIDENDS PER SHARE	11	12.0p	12.0p

The notes on pages 30 to 40 form part of these accounts.



# 11-07-88

AMEC plc

## Consolidated Balance Sheet AT 31 DECEMBER 1987

	Note	1987 £million	1987 £million	1986 £million	1986 £million
<b>FIXED ASSETS</b>					
Tangible assets	14		76.5		71.9
Investments	15		30.6		14.0
			107.1		85.9
<b>CURRENT ASSETS</b>					
Stocks and work in progress	16	124.0		96.3	
Debtors	17	111.2		88.2	
Investments	18	0.1		0.1	
Cash at bank and in hand		26.8		44.1	
		262.1		228.7	
<b>CREDITORS</b>					
Amounts falling due within one year	19	242.0		199.6	
<b>NET CURRENT ASSETS</b>			20.1		27.1
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			127.2		113.0
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		19.2		12.9
			108.0		100.1
<b>CAPITAL AND RESERVE</b>					
Called up share capital	22		32.2		32.2
Profit and loss account	23		75.7		67.0
<b>SHAREHOLDERS' FUNDS</b>			107.9		99.2
Minority interests			0.1		0.3
			108.0		100.1

Approved by the board of directors  
on 7 April 1988

JWH Morgan, director

JD Eatly, director

The notes on pages 30 to 40 form part of these accounts



# 11-07-88

AMBC plc.

## Company Balance Sheet AT 31 DECEMBER 1987

	Note	1987 £million	1987 £million	1986 £million	1986 £million
<b>FIXED ASSETS</b>					
Tangible assets	14		0.5		0.7
Investments in subsidiary companies	15		123.9		85.9
Investments in related companies	15		28.8		10.1
			153.2		96.7
<b>CURRENT ASSETS</b>					
Debtors	17	9.4		10.9	
Investments	18	0.1		—	
Cash at bank and in hand		9.1		33.4	
		18.6		44.3	
<b>CREDITORS</b>					
Amounts falling due within one year	19	50.3		34.2	
<b>NET CURRENT (LIABILITIES) ASSETS</b>			(31.7)		10.1
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			121.5		106.8
<b>CREDITORS</b>					
Amounts falling due after more than one year	20		13.6		7.0
			107.9		99.8
<b>CAPITAL AND RESERVE</b>					
Called up share capital	22		32.2		32.2
Profit and loss account	23		75.2		67.6
<b>SHAREHOLDERS' FUNDS</b>			107.9		99.8

Approved by the board of directors  
on 7 April 1988

IWH Morgan, director

JD Early, director

The notes on pages 30 to 40 form part of these accounts



# 11-07-88

AMEG plc

## Consolidated Statement of Source and Application of Funds

FOR THE YEAR ENDED 31 DECEMBER 1987

	1987 £million	1987 £million	1986 £million	1986 £million
<b>SOURCE OF FUNDS:</b>				
Profit on ordinary activities before taxation		34.5		30.5
Extraordinary items before taxation		(1.4)		(1.4)
		33.1		29.1
<b>Items not involving the movement of funds:</b>				
Depreciation	13.6		13.1	
Surplus on disposal of properties	(0.4)		(0.2)	
Reserves of related companies	(2.7)		-	
		10.5		12.9
<b>Total generated from operations</b>		43.6		42.0
<b>Funds from other sources:</b>				
Increase in long term loans		7.7		-
Disposal of tangible assets		5.1		5.1
Disposal of investments		-		0.6
Exchange and other adjustments		0.2		0.4
<b>TOTAL FUNDS GENERATED</b>		56.6		48.1
<b>APPLICATION OF FUNDS:</b>				
Purchase of tangible assets		23.8		22.4
Investments in related companies		15.8		11.0
Purchase of goodwill		3.5		1.1
Dividends paid to shareholders		7.9		7.4
Movements in minority interests		0.2		0.1
Taxation paid		6.2		5.5
		57.4		47.5
<b>Changes in working capital</b>				
Stocks and work in progress	27.7		(8.9)	
Debtors	23.8		1.4	
Creditors	(26.8)		2.3	
		24.7		(5.2)
<b>TOTAL FUNDS APPLIED</b>		82.1		42.3
<b>EXCESS OF FUNDS APPLIED OVER FUNDS GENERATED</b>		(25.5)		-
Excess of funds generated over funds applied		-		5.6
Net liquid funds at 1 January		42.5		47.1
Reclassification of US dollar bank loan		-		(10.4)
<b>NET LIQUID FUNDS AT 31 DECEMBER</b>		17.0		42.3

# 1-1-07-88

AMEC p.l.c.

## Notes to the Accounts

### 1 ACCOUNTING POLICIES

#### BASIS OF PRESENTATION

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

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

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

#### TURNOVER

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

#### DEPRECIATION

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

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

#### STOCKS AND WORK IN PROGRESS

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

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

#### RESEARCH AND DEVELOPMENT

Research and development expenditure is written off as incurred.

#### DEFERRED TAXATION

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

#### FOREIGN CURRENCIES

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



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## 2 TURNOVER AND PROFIT BEFORE TAXATION

	Turnover 1987 £million	Turnover 1986 £million	Profit 1987 £million	Profit 1986 £million
<b>By principal activity:</b>				
Building and civil engineering	471.5	361.4	18.2	17.2
Mechanical and electrical engineering	347.4	358.2	7.7	7.8
Property development and housing	54.0	26.0	8.6	5.5
	<u>872.9</u>	<u>745.6</u>	<u>34.5</u>	<u>30.5</u>
Elimination of internal trading and share of turnover of related companies	79.8	34.6	-	-
	<u>798.6</u>	<u>711.0</u>	<u>34.5</u>	<u>30.5</u>

### Turnover by geographical area.

	1987 £million	1986 £million
United Kingdom	710.9	608.7
Rest of Europe	15.4	14.4
Africa	11.4	14.8
Americas	29.5	48.9
Asia	6.4	8.1
Australasia	30.6	22.4
	<u>798.6</u>	<u>711.0</u>

## 3 OPERATING PROFIT

	1987 £million	1986 £million
Operating profit is stated after charging		
Depreciation	13.6	13.1
Hire of plant and equipment	17.0	14.6
Property lease rentals	2.9	2.3
Auditors' remuneration	0.6	0.7

## 4 DIRECTORS' REMUNERATION

	1987 £million	1986 £million
Emoluments including pension contributions	0.2	0.6

The emoluments (excluding pension contributions) of the chairman amounted to \$90,000 (1986-£90,000).

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

£	Number	Number
5,001-10,000	1	-
10,001-15,000	1	2
15,001-20,000	1	1
20,001-25,000	-	1
40,001-45,000	-	1
50,001-55,000	1	1
55,001-60,000	1	1
60,001-65,000	2	1
65,001-70,000	-	1
70,001-75,000	1	-
80,001-85,000	2	1



# Notes to the Accounts

## 5 STAFF COSTS

Wages and salaries  
Social security costs  
Other pension costs

1987	1986
£million	£million
192.9	191.7
17.7	17.9
6.1	5.8
<u>216.7</u>	<u>215.4</u>

The average weekly number of employees during the year was

Number	Number
<u>19,280</u>	<u>18,088</u>

Senior employees of the group, who performed their duties mainly in the United Kingdom, received remuneration within the following ranges.

£  
30,001 35,000  
35,001 40,000  
40,001 45,000  
45,001 50,000  
50,001 55,000  
55,001 60,000

Number	Number
27	25
21	11
7	5
5	3
1	3
2	-

## 6 INCOME FROM RELATED COMPANIES

Share of results  
Interest receivable

1987	1986
£million	£million
4.5	0.2
2.3	1.2
<u>6.8</u>	<u>1.4</u>

## 7 INCOME FROM INVESTMENTS

Net surplus on disposal of listed investments  
Dividends from listed investments

1987	1986
£million	£million
-	0.9
-	0.3
-	<u>1.2</u>

## 8 NET INTEREST RECEIVABLE

Interest receivable  
Bank and short term deposits  
Other

1987	1986
£million	£million
2.0	3.6
0.1	0.2
(1.0)	(1.0)
(0.2)	(1.2)
<u>0.9</u>	<u>1.6</u>

Interest payable  
Loan stock 1992  
Bank loans and overdrafts and other loans repayable within five years

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## 9 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows

Based on the profit for the year

Corporation tax

Deferred taxation

Double taxation relief

Overseas taxation

Taxation under (over) provided in previous years

Related companies

1987	1988
£million	£million
11.5	11.8
(1.0)	0.1
10	11.9
(1)	(0.2)
10.4	11.7
(0.1)	0.5
10.3	12.2
0.6	(1.3)
1.5	0.1
12.3	11.0

Taxation for the year has been provided at the rate of 35% (1988 - 36.25%)

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

7.5	8.3
-----	-----

## 10 EXTRAORDINARY ITEMS

Closure and reorganisation costs

Related taxation credit

1987	1988
£million	£million
1.4	1.4
0.5	0.4
0.9	1.0

## 11 DIVIDENDS

Interim paid

Final proposed

1987	1987	1988	1988
pence	£million	pence	£million
per share		per share	
4.75	3.1	4.5	2.9
8.25	8.3	7.5	4.8
13.00	8.4	12.0	7.7

# 11-07-88

AMBC plc.

## Notes to the Accounts

### 12 TRANSFER TO RESERVE

	1987 £million	1986 £million
Dealt with in the accounts of the holding company	<u>12.9</u>	<u>12.9</u>

### 13 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of £22.2 million (1986 - £19.3 million) and on 64,435,760 (1986 - 64,26,689) shares being the weighted average number of shares in issue during the year.

### 14 TANGIBLE ASSETS

	Group Land and buildings £million	Group Plant and equipment £million	Group Total £million	Company Plant and equipment £million
Cost or valuation				
At 1 January 1987	45.3	98.8	142.1	2.6
Exchange adjustment	(0.7)	(0.8)	(1.5)	-
Additions and transfers	4.6	19.2	23.8	0.4
Disposals and transfers	(5.0)	(10.0)	(12.0)	(0.7)
At 31 December 1987	<u>47.2</u>	<u>106.2</u>	<u>152.4</u>	<u>2.3</u>
Depreciation				
At 1 January 1987	5.9	64.3	70.2	1.9
Exchange adjustment	(0.1)	(0.5)	(0.6)	-
Provided during the year	1.1	12.5	13.6	0.4
Disposals and transfers	(0.3)	(7.0)	(7.3)	(0.5)
At 31 December 1987	<u>6.6</u>	<u>66.3</u>	<u>72.9</u>	<u>1.8</u>
Net book value				
At 31 December 1987	<u>40.6</u>	<u>39.9</u>	<u>79.5</u>	<u>0.5</u>
At 31 December 1986	<u>39.4</u>	<u>32.5</u>	<u>71.9</u>	<u>0.7</u>

# 1-1-07-8

## IV TANGIBLE ASSETS (continued)

The net book value of land and buildings comprises.

Freehold  
Long leasehold  
Short leasehold

Group  
1987  
£million

Group  
1986  
£million

35.7	34.2
4.8	4.8
0.6	0.6
<u>41.1</u>	<u>39.6</u>

Land and buildings are stated at

Valuation 1974  
Valuation 1978  
Valuation 1986  
Cost

3.6	4.2
2.1	2.1
12.5	13.6
<u>18.2</u>	<u>29.9</u>
<u>49.3</u>	<u>49.5</u>

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

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

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

Cost  
Depreciation

Net book value

Fixed assets not depreciated

Investment properties  
Land

Assets in the course of construction

12.2	17.7
<u>0.6</u>	<u>0.6</u>
<u>12.8</u>	<u>18.3</u>

12.2	13.6
2.1	5.5
<u>1.4</u>	<u>2.3</u>
<u>15.7</u>	<u>21.4</u>

## IV INVESTMENTS (Add as fixed assets)

Investments in subsidiary companies:

Shares at valuation  
Amounts owed by subsidiary companies  
Amounts owed to subsidiary companies

Company  
1987  
£million

Company  
1986  
£million

122.1	130.9
102.7	127.7
<u>(192.9)</u>	<u>(172.7)</u>
<u>29.2</u>	<u>58.2</u>

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

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## 14 TANGIBLE ASSETS (continued)

Group 1987 £million	Group 1986 £million
---------------------------	---------------------------

The net book value of land and buildings comprises:

Freehold	35.7	34.2
Long leasehold	4.2	4.6
Short leasehold	0.6	0.6
	<u>40.6</u>	<u>39.4</u>

Land and buildings are stated at

Valuation 1974	3.6	4.2
Valuation 1978	2.1	2.1
Valuation 1986	12.5	13.6
Cost	<u>28.2</u>	<u>29.9</u>
	<u>47.2</u>	<u>45.3</u>

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

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

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

Cost	12.7	17.7
Depreciation	<u>0.8</u>	<u>0.6</u>
Net book value	<u>16.9</u>	<u>17.1</u>

Fixed assets not depreciated

Investment properties	12.2	13.6
Land	2.1	5.5
Assets in the course of construction	<u>2.4</u>	<u>2.3</u>
	<u>27.3</u>	<u>21.4</u>

## 16 INVESTMENTS (held as fixed assets)

Company 1987 £million	Company 1986 £million
-----------------------------	-----------------------------

### Investments in subsidiary companies:

Shares at valuation	100.1	130.9
Amounts owed by subsidiary companies	<u>105.7</u>	<u>127.7</u>
Amounts owed to subsidiary companies	<u>(107.9)</u>	<u>(172.7)</u>
	<u>197.9</u>	<u>85.9</u>

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

# 11-07-88

MMR plc

## Notes to the Accounts

### 16 INVESTMENTS (held as fixed assets) (continued)

	Group £million	Company £million
<b>Investments in related companies:</b>		
Net book value at 1 January 1987	14.0	10.1
Additions and transfers	15.8	10.9
Net increase in share of reserves	0.8	0.8
Net book value at 31 December 1987	<u>30.6</u>	<u>21.8</u>
<b>Represented by:</b>		
Shares at cost less amounts written off	4.3	2.6
Loans	25.9	23.9
Share of post acquisition reserves	0.4	0.4
	<u>30.6</u>	<u>26.9</u>
<b>Investment listed on a United Kingdom Stock Exchange:</b>		
Cost including share of post acquisition reserves	<u>2.6</u>	<u>2.6</u>
Market value	<u>4.3</u>	<u>4.3</u>

Principal group companies are listed on page 43

### 18 STOCKS AND WORK IN PROGRESS

	Group 1987 £million	Group 1986 £million
Long term contract work in progress	79.1	98.2
Raw materials and consumables	7.6	7.3
Other work in progress	5.5	4.6
Finished goods and goods for resale	8.0	4.9
Property development land and work in progress	<u>85.8</u>	<u>12.4</u>
	<u>184.0</u>	<u>96.3</u>
Long term contract work in progress is stated after deduction of amounts received and receivable of	<u>347.7</u>	<u>1,011.5</u>

The inclusion of attributable profit on long term contract work in progress is in accordance with Statement of Standard Accounting Practice No. 9. This constitutes a departure from the statutory valuation rules for current assets but is required by S.238(5) Companies Act 1985 to enable the accounts to give a true and fair view. As progress payments cannot meaningfully be allocated between cost and profit, it is impracticable to determine the effect of the departure on the balance sheet carrying amount of long term contract work in progress.

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## 17 DEBTORS

	Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
Amounts falling due within one year:				
Trade debtors	92.5	69.7	—	—
Amounts owed by subsidiary companies	—	—	1.2	0.8
Amounts owed by related companies	8.2	8.8	5.2	8.5
Other debtors	2.0	3.9	2.7	1.0
Prepayments and accrued income	3.5	3.8	0.2	0.6
	<u>111.2</u>	<u>86.2</u>	<u>9.4</u>	<u>10.9</u>

## 18 INVESTMENTS (held as current assets)

	Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
Listed investments				
Cost	0.1	0.1	0.1	—
Market value	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>—</u>

## 19 CREDITORS

Amounts falling due within one year

	Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
Bank loans and overdrafts	9.8	1.6	6.3	—
Trade creditors	162.2	139.3	4.4	4.1
Amounts owed to subsidiary companies	—	—	0.2	0.3
Amount owed to related companies	0.2	0.2	—	—
Corporation tax	22.7	23.8	22.2	23.6
Other taxation and social security costs	8.2	7.4	0.2	0.2
Other creditors	10.2	7.3	0.4	0.3
Accruals and deferred income	12.5	15.2	1.1	0.9
Proposed dividend	8.3	4.8	5.3	4.8
	<u>242.0</u>	<u>199.6</u>	<u>50.2</u>	<u>34.2</u>

## 20 CREDITORS

Amounts falling due after more than one year

	Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
Loan stock 1992	6.3	6.5	6.3	6.5
US dollar bank loan	8.9	—	8.9	—
Other loans	1.2	0.4	—	—
Other creditors	4.6	6.0	0.2	0.5
	<u>19.2</u>	<u>12.9</u>	<u>15.6</u>	<u>7.0</u>

The US dollar loan stock 1992 can be redeemed on 31 March 1990 at par at the option of stockholders. Any loan stock not so redeemed will be redeemed at par on 31 December 1992.

The US dollar bank loan is repayable in December 1992. The rate of interest payable at 31 December 1987 was 3.5% per annum.



AMBS p.l.c.

## Notes to the Accounts

### 21 PROVISION FOR LIABILITIES AND CHARGES

	Group £million	Company £million
Deferred taxation		
Balance at 1 January 1987	-	-
Deferred taxation credit	(1.4)	(1.4)
Other movements	1.4	1.4
Balance at 31 December 1987	-	-

	Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
Accelerated capital allowances	2.4	4.2	2.4	4.2
Other timing differences	(2.1)	(2.4)	(2.1)	(2.4)
Recoverable advance corporation tax	(0.3)	(1.8)	(0.3)	(1.8)
Provided in accounts	-	-	-	-
Not provided in accounts				
Accelerated capital allowances	1.5	1.4	1.5	1.4
Other timing differences	(0.2)	(0.7)	(0.2)	(0.7)
Total potential liability	1.2	0.7	1.2	0.7

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

### 22 SHARE CAPITAL

	Authorised 1987 Number	Authorised 1986 Number	Allotted, called up and fully paid 1987 £million	Allotted, called up and fully paid 1986 £million
Ordinary shares of 10p each	86,000,000	86,000,000	21.5	32.2

In 1987 share options were granted in respect of 275,674 ordinary shares under the Savings Related Share Option Scheme and in respect of 608,000 ordinary shares under the Executive Share Option Scheme.

At 31 December 1987 share options were outstanding as follows:

	Option price per share	Number of shares
<b>SAVINGS RELATED SHARE OPTION SCHEME</b>		
Normally exercisable in the period between		
September 1989 and February 1991	25p	499,392
July 1989 and December 1990	25p	161,365
July 1990 and December 1991	30p	264,362



## 22 SHARE CAPITAL (continued)

### EXECUTIVE SHARE OPTION SCHEME

Normally exercisable in the period between:

September 1988 and September 1988  
April 1989 and April 1989  
April 1990 and April 1990

Currently there are 922 participants in the Savings Related Scheme and 45 participants in the Executive Scheme.

During the year 4,898 ordinary shares at 227p per share and 480 ordinary shares at 252p per share were allotted relating to options exercised under the Savings Related Scheme. In addition, 9,000 ordinary shares at 237p per share and 8,000 ordinary shares at 280p per share were allotted relating to options exercised under the Executive Scheme.

Option price per share	Number of shares
227p	553,000
252p	480,000
237p	600,000
280p	600,000

## 23 RESERVE

Distributable: Profit and loss account

At 1 January 1987

Retained profit for year

Goodwill

Exchange and other adjustments

At 31 December 1987

Group 1987 £million	Company 1987 £million
12.6	12.6
12.5	12.5
(1.2)	(1.2)
(1.2)	(1.2)
<u>12.7</u>	<u>12.7</u>

## 24 CAPITAL COMMITMENTS

Contracted but not provided in accounts

Authorised by the directors but not contracted

Group 1987 £million	Group 1986 £million	Company 1987 £million	Company 1986 £million
2.3	2.6	—	0.2
<u>1.3</u>	<u>9.5</u>	<u>—</u>	<u>—</u>

## 25 LEASE COMMITMENTS

Current annual commitments payable under non cancellable leases expiring

Within one year

Between two and five years

After five years

Group 1987 £million	Group 1986 £million
0.1	0.5
0.5	0.8
1.2	1.7
<u>1.8</u>	<u>3.0</u>

11-07-88

AMBO p.l.c.

## Notes to the Accounts

**26 CONTINGENT LIABILITIES**

	<b>Group 1987 £million</b>	<b>Group 1986 £million</b>	<b>Company 1987 £million</b>	<b>Company 1986 £million</b>
Guarantees given in respect of borrowings of subsidiary and related companies	<u>1.3</u>	<u>3.0</u>	<u>1.5</u>	<u>1.3</u>

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

**27 PENSION ARRANGEMENTS**

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



# 11-07-88

AMEC p.l.c.

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

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We have audited the financial statements on pages 26 to 40 in accordance with approved Auditing Standards

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985

*Rice Waterhouse*

Pricewaterhouse  
Chartered Accountants  
London

*Peat Marwick McLintock*

Peat Marwick McLintock  
Chartered Accountants  
Leeds

7 April 1988

# 1-1-07-88

AMHC Plc

## Statistics

FOR THE TEN YEARS ENDED 31 DECEMBER 1987

### CONSOLIDATED RESULTS

	1987 £m	1986 £m	1985 £m	1984 £m	1983 £m	1982 £m	1981 £m	1980 £m	1979 £m	1978 £m
Turnover	793.6	711.0	751.0	686.7	715.3	263.5	245.6	264.1	237.5	232.0
Profit before taxation	34.5	30.5	25.5	21.1	28.1	16.5	13.4	10.3	10.7	9.8
Taxation	(12.8)	(11.0)	(9.5)	(7.6)	(8.1)	(5.7)	(3.9)	8.3	(3.1)	(4.7)
Profit after taxation	22.2	19.5	16.0	19.5	18.0	10.8	9.5	18.6	7.1	4.9
Extraordinary items	(0.9)	(1.2)	(3.3)	0.1	(1.4)	(2.9)	0.8	(0.5)	-	(0.9)
Attributable profit	21.3	18.3	12.7	19.6	16.6	7.9	10.3	18.1	7.1	4.0
Dividends	(8.4)	(7.7)	(7.1)	(7.1)	(6.4)	(5.3)	(2.4)	(2.0)	(1.8)	(1.5)
Retained in business	12.9	10.6	5.6	12.5	10.2	2.6	7.9	16.1	5.3	2.5
Earnings per share	34.8p	30.0p	24.8p	27.6p	27.9p	24.6p	21.8p	18.8p	18.0p	11.0p
Dividends per share	13.0p	12.0p	11.0p	11.0p	10.0p	9.0p	5.5p	4.5p	4.0p	3.5p

### SUMMARISED CONSOLIDATED BALANCE SHEETS

Assets employed										
Fixed assets	107.1	85.9	71.2	66.5	71.3	73.1	51.1	41.7	40.6	33.8
Net current assets	80.1	27.1	44.1	45.3	34.5	24.3	8.3	9.3	5.8	8.0
	127.2	113.0	115.3	111.3	105.8	97.4	59.4	51.0	46.4	38.5
Financed by										
Share capital	32.2	32.2	32.2	32.2	32.2	32.2	11.0	11.0	11.0	11.0
Reserve	75.7	67.6	58.2	53.8	41.3	33.8	44.4	38.0	21.9	16.7
Shareholders' funds	107.9	99.8	90.4	86.0	73.5	66.0	55.4	49.0	32.9	27.7
Minority interests	0.1	1	0.2	0.4	1.6	1.8	-	-	0.1	0.1
Loan stock	6.5	6.5	6.5	6.5	9.6	10.2	-	-	-	-
Loans and other creditors	12.7	6.4	17.8	16.6	14.0	11.9	-	1.0	2.0	1.7
Deferred taxation	-	-	0.4	1.8	7.1	7.5	4.0	1.0	11.4	9.0
	127.2	113.0	115.3	111.3	105.8	97.4	59	51.0	46.4	38.5

### NOTES

1. Dividends in 1987 and 1986 have been adjusted for the effect of the new dividend tax rates.

2. The figures are stated in accordance with the accounting policy set out in paragraph 4 of the financial statements, which has been made in accordance with the accounting policy on related companies.

3. Amount retained in business in 1983 is stated before the adjustment of £2.1 million to deferred taxation arising from change in legislation.

4. Taxation for 1980 includes a credit of £10.3 million which has been excluded in computing the earnings per share for that year of 18.8p.

## Principal Group Companies

AT 31 DECEMBER 1987

### SUBSIDIARY COMPANIES

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

### RELATED COMPANIES

- Fairclough Homes Limited (50%) (Note 4)  
 \* Gulliver Consolidated Limited, incorporated in  
 Zimbabwe (45%) (Note 5)  
 Power Corporation Plc, incorporated in the  
 Republic of Ireland (14.9%) (ordinary shares)  
 (Note 6)  
 Worley Santa Fe Limited (51%) (Note 7)

### NOTES

- 1 These companies together with their subsidiary and related companies are, in the opinion of the directors, those principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the companies are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capitals are in ordinary shares.
- 3 Shares are held directly by AMEC plc, except where marked with an asterisk where they are held by subsidiary companies.
- 4 The issued share capital of Fairclough Homes Limited is £10,000 divided into 10,000 ordinary shares of £1 each.
- 5 The issued share capital of Gulliver Consolidated Limited is 3,482,480 Zimbabwean dollars divided into 8,964,900 shares of 50 cents each.
- 6 The issued share capital of Power Corporation Plc is 38,280,138 ordinary shares of 10 pence each, and 2,016,843 convertible, redeemable deferred shares of 1 pence each.
- 7 AMEC plc owns 51% of the issued share capital of Worley Santa Fe Limited but does not control the board of directors. In accordance with the provisions of sections 21(b) and 24 of Statement of Standard Accounting Practice no. 14 Group Accounts, the investment in Worley Santa Fe Limited has been accounted for under the equity method of accounting as a related company.

# 11-07-88

AMEC plc

## Notice of Annual General Meeting

Notice is hereby given that the sixth annual general meeting of AMEC p.l.c. will be held at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, on Wednesday 18 May 1988 at 12 noon for the following purposes:

1 To consider the accounts and the reports of the directors and the joint auditors for the year ended 31 December 1987 and to declare a final dividend (Resolution 1)

2 To re-elect directors (Resolutions 2 to 5).

3 To re-appoint the auditors (the requisite special notice in respect of the re-appointment of Peat Marwick McLintock, who were appointed by the directors on 30 September 1987, having been received) and to authorise the directors to fix their remuneration (Resolution 6).

4 As special business, to consider and, if thought fit, pass the following resolutions:

As a Special Resolution (Resolution 7):

(a) That pursuant to Section 85 of the Companies Act 1985, the directors be and they are hereby authorised and empowered during the period from the date of the passing of this resolution to the next following annual general meeting to allot equity securities pursuant to the authority conferred by paragraph (A) of Article 12 of the Articles of Association of the company as if Section 89 (1) of the Companies Act 1985 did not apply to the allotment. Provided that this power shall be limited

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

(ii) to the allotment (otherwise than pursuant to sub paragraph (a)(i) of this paragraph) up to an aggregate nominal value of £1,611,000

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

As an Ordinary Resolution (Resolution 8):

That the directors be and they are hereby authorised to amend the rules of the AMEC Savings Related Share Option Scheme into the form presented to this meeting and initialed by the chairman hereof for identification purposes, or such other form as may be required by the Commissioners of Inland Revenue.

As an Ordinary Resolution (Resolution 9):

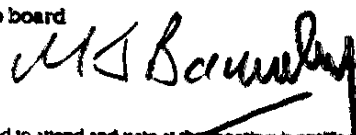
That the directors be and they are hereby authorised to amend the rules of the AMEC Executive Share Option Scheme into the form presented to this meeting and initialed by the chairman hereof for identification purposes, or such other form as may be required by the Commissioners of Inland Revenue.

By order of the board

M J Bardsley

Secretary

21 April 1988



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

There will be available for inspection at the registered office of the company during business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, from 11.45 a.m. on 18 May 1988 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiaries not expiring or terminable within one year without payment of compensation and copies of the rules of both share option schemes in their proposed amended form.

