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AMEC

AMEC p.l.c.
Annual Report
and Accounts
1984



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Summary of Results

	1984 £ million	1983 £ million
Turnover	686.7	710.3
Profit on ordinary activities before taxation	27.1	24.1
Profit on ordinary activities after taxation	19.5	18.0
Shareholders' funds	86.0	123.6
<i>Earnings per share</i>	29.6p	25.5p
<i>Dividends per share</i>	11.0p	10.0p

Directors, Officers and Company Information

Directors

JWH Morgan F Eng, *Chairman*
A Cockshaw *Chief Executive*
Sir Oswald Davies CBE DCM
JS Bateson
CI Bateman
R Barber
O Newell
RH Peet CBE
RW Mott

Secretary

CI Bateman

Registered office

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

Joint auditors

Armitage & Norton
Price Waterhouse

Registrars

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

Principal bankers

Williams & Glyn's Bank PLC
Barclays Bank PLC
National Westminster Bank PLC

Notice of Annual General Meeting

Notice is hereby given that the third annual general meeting of AMEC p.l.c. will be held at The Britannia Hotel, Portland Street, Manchester, on Thursday 16 May 1985 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 1984 and to declare a final dividend.
- 2 To re-elect directors.
- 3 To re-appoint the joint auditors and to authorise the directors to fix their remuneration.
- 4 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
 - (a) that, pursuant to Section 18 of the Companies Act 1980, the directors are 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 17(1) of the Companies Act 1980 did not apply to the allotment. Provided that this power shall be limited:
 - (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, and
 - (ii) to the allotment (otherwise than pursuant to sub-paragraph (a)(i) of this paragraph) up to an aggregate nominal value of £2,150,000.
 - (b) that, for the purposes of this resolution, the company may before such authority expires make an offer or agreement which would or might require equity securities to be allotted after such authority expires and the directors may offer and allot equity securities pursuant to any such offer or agreement by the company (but not in excess of the limit imposed by sub-paragraph (a)(ii) of this paragraph).

By order of the board
CI Bateman
Secretary
19 April 1985



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 Britannia Hotel, Portland Street, Manchester, from 11.45 am on 16 May 1985 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.

Chairman's Statement

This is my first report to you since my appointment as Chairman on 1 August 1984. Even after such a short time I feel encouraged by the evidence of considerable underlying strength in most areas of our activities. This is supported by – indeed almost certainly arises from – the great enthusiasm and sense of commitment of our employees at all levels. Sir Oswald Davies can take justifiable credit for providing the inspired leadership over many years within the Fairclough group, which did much to bring about these healthy attitudes. I am glad to have his continuing help and advice in his new role as a non-executive director; his 50 years of service with Fairclough and, latterly AMEC, provides a unique base of experience.

Following the recent changes within the board, it was appropriate that we review our overall management approach, particularly in the light of events since the merger, taking a fresh look at exploitable opportunities and any remaining problem areas in order to instigate appropriate action. The newly structured top management team, led by Alan Cockshaw, has approached the task with vigour.

The profit before taxation increased from £26.1 million to £27.1 million in spite of incurring losses of £3.9 million in the USA. Drastic remedial action has been taken, including the closure of Worley Engineering Inc. at a cost of £2.5 million, which has been charged as an extraordinary item. Earnings per share have increased by 6.1% to 29.6p. This owes much to a sound performance elsewhere in the group.

I am satisfied that we have identified any major areas of management weakness and have taken, and are continuing to take, appropriate steps to strengthen management as required.

The benefits that can flow from the wise counsel of non-executive directors is much appreciated by the executive directors. In this regard the untimely death of our much respected friend and board member, Sir Robert Lawrence, was a source of great sorrow to us all. He will be sorely missed. Mr Ron Peet, who joined the board in early 1984, after a distinguished career with the Legal & General, is already making a valuable contribution to your company's affairs. We shall consider seriously any opportunity to strengthen the board still further by the appointment of additional non-executive directors with experience particularly appropriate to our wide field of interest.

Towards the end of the year we sold our interests in John Howard and Company Plc and Howard Doris Limited since they were considered incompatible with our fast developing participation in the offshore oil industry through Press Offshore and Worley Engineering. However, it has been necessary to make significant changes in Worley Engineering. The management has been re-structured, resources tailored to enable a more efficient and effective approach to available business, and loss making activities in the USA closed down. We consider that we are now well placed to win further substantial and profitable business in the offshore area of our activities.

There has been a sustained downturn in demand for the services of our electrical contracting companies in Texas simultaneously with the identification of further serious deficiencies in their operations. Major Construction, part of The Fisk Group, has had to be completely reorganised and is now led by Fisk people with a proven track record. This has involved a reduction in the work-force.

Although conditions have been far from easy in the construction and contracting industry generally in the UK, we have, with a few exceptions, produced quite satisfactory results in the circumstances. Unfortunately performance at Denco during the year was unsatisfactory and we found it necessary to reduce the size of the work-force because of a significant downturn in its level of business.

Important changes have been made in the management of our overseas operations in order to put them in good shape to seize opportunities for securing profitable business using the wide range of knowledge and experience that now resides within AMEC.

Chairman's Statement

Particular mention should be made of the formation of AMEC Projects to spearhead the group's involvement in markets not previously penetrated. Already the organisation has established for itself a leading position in the building of facilities for hi-tech activities for several very important UK and overseas companies. Together with the intended further strengthening of our overall engineering capabilities, this company should enable us effectively to tackle exciting new business opportunities.

Your directors are confident that we are now in good shape and the outlook for future business is encouraging. Overall, the group has again increased its liquidity and the order book stands significantly higher than a year ago, thanks to a usefully spread range of new contracts, including overseas. Therefore, we propose to recommend to shareholders a final dividend of 7p making a total for the year of 11p per share, an increase of 10 per cent.

Further to encourage everyone who works for us and particularly those whose decisions directly affect the future of the business, we are proposing to shareholders, for their approval, two share option schemes which we believe will help to motivate our employees and generate for them a greater interest in improving the group's performance.

May I thank everyone within AMEC for their efforts during 1984

JWH Morgan F Eng
Chairman



Report of the Directors

The directors have pleasure in presenting the third annual report and accounts being for the year ended 31 December 1984.

Business review

The business of the group is civil engineering, building and engineering contracting and manufacturing, specialising in the energy and process industries. The group's activities are reviewed in the chairman's statement on pages 4 and 5 and in the operational review distributed with the annual report and accounts.

The profit for the year available to shareholders amounting to £19.6 million is shown in the consolidated profit and loss account on page 8. The directors recommend that a final dividend of 7.0p per ordinary share be paid which, together with the interim dividend of 4.0p, makes a total distribution of £7.1 million and a transfer to reserve of £12.5 million.

The final dividend will be paid on 1 July 1985 to members on the register at the close of business on 31 May 1985.

An analysis of the turnover by geographical area is given in note 2 on page 13.

Share capital

The present authorised and issued share capital of the company is set out in note 21 on page 20.

At the 1984 annual general meeting the shareholders, by special resolution, authorised the directors in accordance with the provisions of the Companies Act 1980 to issue, other than to existing shareholders, during the period up to the 1985 annual general meeting (a) such shares as may be necessary in connection with a rights issue to deal with such matters as for example fractional entitlements and specific circumstances which affect overseas shareholders; and (b) in addition, shares up to an aggregate nominal amount of £2,150,000 representing 5% of the authorised share capital. No shares have been issued by the directors pursuant to this authority. A special resolution to renew this authority until the next annual general meeting is set out in the notice of the third annual general meeting on page 3.

Directors

The following were directors at 31 December 1984:

JWH Morgan	R Barber
A Cockshaw	O Newell
Sir Oswald Davies	RH Peet
JS Bateson	RW Mott
CI Bateman	

Mr E Garner resigned as a director on 31 July 1984 and Sir Robert Lawrence died on 8 October 1984.

Mr RW Mott was appointed a director with effect from 1 August 1984 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 Mott has a service contract with a subsidiary which expires on 31 December 1987.

The directors retiring by rotation in accordance with Article 84 of the Articles of Association of the company are Sir Oswald Davies and Mr JS Bateson and being eligible they offer themselves for re-election. Sir Oswald Davies does not have a service contract with the company or any of its subsidiaries. Mr Bateson has a service contract with a subsidiary which expires on 31 December 1986. The beneficial interests in the ordinary share capital of the company of the directors holding office at 31 December 1984 were as follows:

	1 January 1984 Ordinary shares	31 December 1984 Ordinary shares
JWH Morgan	500	500
A Cockshaw	700	700
Sir Oswald Davies	150,233	150,233
JS Bateson	500	500
CI Bateman	12,000	12,000
R Barber	1,000	1,000
O Newell	500	500
RH Peet	10,000	14,000
RW Mott	7,000†	7,000

† As at date of appointment

No directors had any other interests in the ordinary share capital or any interests in the 15% unsecured loan stock of the company. There were no changes in directors' interests in the share and loan capital of the company between 31 December 1984 and 2 April 1985.

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.

Report of the Directors

Fixed assets

Movements in fixed assets during the year are set out in note 13 on page 16. In the opinion of the directors, the market value of the group's land and buildings at 31 December 1984 was in excess of book value but, in relation to the group's affairs as a whole, this difference is not significant.

The group disposed of its related company investments in John Howard and Company Plc and Howard Dons Limited during the year.

Substantial interest

So far as the directors are aware the undermentioned is the only interest comprising 5% or more in the ordinary share capital of the company as at 2 April 1985.

Name of shareholder	Ordinary shares	% of issued share capital
Prudential Corporation p.l.c.	3,492,986	5.42

Employees

It is 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 changes which may be of direct concern. During the year employees were regularly provided with company newspapers and magazines keeping them apprised of developments within the group and new contracts obtained. In addition, notices are distributed throughout the group in respect of changes in the group structure and announcing the interim and annual results of the group.

The group makes use of a wide range of consultation procedures including formal and informal discussions with trade union representatives, staff committees and arrangements through local management.

The policy of the group is to consider for employment, equally with all other applicants, suitable disabled persons with the necessary abilities and aptitudes. In view of the nature of the group's main activities, however, special considerations are necessary to ensure that the disabled persons employed by the group are properly trained for the tasks they perform. The training, career development and promotion of the group's disabled persons is an integral part of the group's personnel and training policy recognising the contribution they can make to the group's success and to society as a whole.

Donations

Charitable donations for the year amounted to £100,000.

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.

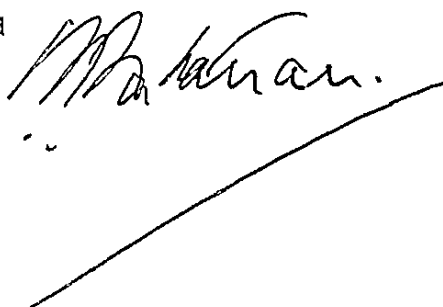
Current Cost Accounts

In view of the continuing uncertainty surrounding the future of the present accounting practice on current cost accounts and the board's belief that in any event these accounts have little relevance for the construction industry, the board has decided not to include current cost accounts within the annual report and accounts.

Auditors

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

By order of the board
CI Bateman
Secretary
3 April 1985





Consolidated Profit and Loss Account for the year ended 31 December 1994

	Note	1994 £million	1993 £million
Turnover	2	686.7	718.6
Cost of sales		598.5	617.0
Gross profit		88.2	97.4
Administrative expenses		64.6	73.2
Operating profit	3	23.6	24.2
Share of profits of related companies		1.5	0.3
Income from investments	6	0.7	0.8
Net interest receivable	7	1.3	0.8
Profit on ordinary activities before taxation		27.1	26.1
Taxation on profit on ordinary activities	8	7.6	8.1
Profit on ordinary activities after taxation		19.5	18.0
Minority interests		0.4	—
Profit before extraordinary items		19.1	18.0
Extraordinary items	9	0.5	(1.4)
Profit for the financial year		19.6	16.6
Adjustment to deferred taxation arising from change in legislation		—	2.4
		19.6	14.2
Dividends	10	7.1	6.4
Transfer to reserve	11	12.5	7.8
Earnings per share	12	29.6p	27.9p
Dividends per share	10	11.0p	10.0p

Consolidated Balance Sheet

at 31 December 1984

	Note	1984 £million	1984 £million	1983 £million	1983 £million
Fixed assets					
Tangible assets	13		61.4		61.3
Investments	14		4.6		13.0
			<u>66.0</u>		<u>74.3</u>
Current assets					
Stocks and work in progress	15	80.3		69.0	
Debtors	16	85.6		87.4	
Investments	17	11.7		9.7	
Cash at bank and in hand		50.6		47.1	
		<u>234.2</u>		<u>213.2</u>	
Creditors: amounts falling due within one year	18	<u>188.9</u>		<u>178.7</u>	
Net current assets			<u>45.3</u>		<u>34.5</u>
Total assets less current liabilities			<u>111.3</u>		<u>105.8</u>
Creditors: amounts falling due after more than one year	19	23.1		23.6	
Provision for liabilities and charges	20	<u>1.8</u>	<u>24.9</u>	<u>4.5</u>	<u>30.7</u>
			<u>86.4</u>		<u>75.1</u>
Capital and reserve					
Called up share capital	21		32.2		32.2
Profit and loss account	22		53.8		41.3
			<u>86.0</u>		<u>73.5</u>
Shareholders' funds			<u>0.4</u>		<u>1.6</u>
Minority interests			<u>86.4</u>		<u>75.1</u>

Approved by the board of directors
on 3 April 1985.

JWH Morgan, director

R Barber, director



Company Balance Sheet

at 31 December 1984

	Note	1984 £ million	1984 £ million	1983 £ million	1983 £ million
Fixed assets					
Tangible assets	13		0.7		0.7
Investments in subsidiary companies	14		72.3		63.0
Other investments	14		—		4.7
			<u>73.0</u>		<u>68.4</u>
Current assets					
Debtors	16	8.2		14	
Investments	17	2.0			
Cash at bank and in hand		35.3		34.6	
		<u>45.5</u>		<u>36.0</u>	
Creditors: amounts falling due within one year	18	<u>23.9</u>		<u>22.1</u>	
Net current assets			<u>21.6</u>		<u>13.9</u>
Total assets less current liabilities			<u>94.6</u>		<u>82.3</u>
Creditors: amounts falling due after more than one year	19	6.5		4.6	
Provision for liabilities and charges	20	<u>2.1</u>		<u>4.6</u>	
			<u>8.6</u>		<u>9.2</u>
			<u>86.0</u>		<u>73.1</u>
Capital and reserves					
Called up share capital	21		32.2		32.2
Profit and loss account	22		53.8		44.7
Revaluation reserve	22		—		1.0
Shareholders' funds			<u>86.0</u>		<u>77.9</u>

Approved by the board of directors
on 3 April 1985.

JWH Morgan, director

R Barber, director

Consolidated Statement of Source and Application of Funds

for the year ended 31 December 1984

	1984 £million	1984 £million	1985 £million	1986 £million
Source of funds:				
Profit on ordinary activities before taxation		27.1		26.1
Extraordinary items (before taxation)		(1.4)		(0.3)
		<u>25.7</u>		<u>19.9</u>
Adjustment for items not involving the movement of funds:				
Depreciation	14.6		15.3	
Retained in related companies	—		(0.7)	
Premium on cancellation of loan stock	0.4		—	
Surplus on disposal of properties	(0.4)		—	
Surplus on disposal of related companies	(2.7)		—	
		<u>11.9</u>		<u>15.1</u>
Total generated from operations		<u>37.6</u>		<u>35.0</u>
Funds from other sources:				
Disposal of tangible assets		6.9		1.9
Disposal of related companies		9.0		0.2
Exchange and other adjustments		0.9		(0.3)
		<u>16.8</u>		<u>1.8</u>
Total funds generated		<u>54.4</u>		<u>46.8</u>
Application of funds:				
Purchase of tangible assets		19.9		18.4
Purchase of investments		2.5		1.1
Cancellation of loan stock and repayment of loans		4.0		0.6
Dividends paid to shareholders		9.0		4.1
Dividends paid to minority interests		1.2		—
Taxation paid		6.4		3.3
		<u>43.0</u>		<u>27.5</u>
Changes in working capital:				
Stocks and work in progress	17.3		7.4	
Debtors	(1.8)		1.0	
Creditors	(11.9)		(4.6)	
		<u>3.6</u>		<u>3.8</u>
Total funds applied		<u>46.6</u>		<u>31.3</u>
Excess of funds generated over funds applied		<u>7.8</u>		<u>15.5</u>
Excess of funds applied over funds generated		—		(5.5)
Net liquid funds at 1 January		<u>40.6</u>		<u>41.4</u>
Net liquid funds at 31 December		<u>48.4</u>		<u>41.4</u>



Notes to the Accounts

1. Accounting policies

Basis of presentation

Accounting convention

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

Basis of consolidation

The group accounts include the accounts of AMEC plc 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 149 (5) of the Companies Act, 1948.

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, 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. Claims income is recognised in the period in which it is formally agreed.

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.

Notes to the Accounts

2. Turnover

The group activities are entirely within the construction industry and are regarded by the directors as a single class of business.

Turnover by geographical area:

	1984 £million	1983 £million
United Kingdom	513.6	512.3
Africa	25.1	55.0
Americas	83.7	83.4
Asia	15.4	21.8
Australasia	35.7	28.2
Rest of Europe	13.2	15.6
	<u>686.7</u>	<u>715.3</u>

3. Operating profit

Operating profit is stated after charging:

	1984 £million	1983 £million
Depreciation	14.6	13.7
Hire of plant and equipment	15.3	11.8
Auditors' remuneration	0.9	0.9

4. Directors' remuneration

	1984 £million	1983 £million
Fees	—	—
Other emoluments (including pension contributions)	0.5	0.9
	<u>0.5</u>	<u>0.9</u>

The emoluments of the present chairman from 1 August to 31 December 1984 amounted to £28,000. The emoluments of the previous chairman from 1 January to 31 July 1984 amounted to £37,000 (1983 £69,000).

The emoluments (excluding pension contributions) of the highest paid director amounted to £82,000 (1983 £82,000).

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

£	Number	Number
0- 5,000	—	3
5,001- 10,000	1	—
10,001- 15,000	1	1
15,001- 20,000	1	—
20,001- 25,000	—	1
25,001- 30,000	1	—
30,001- 35,000	1	—
35,001- 40,000	1	—
40,001- 45,000	1	1
45,001- 50,000	3	1
50,001- 55,000	1	—
55,001- 60,000	—	2
60,001- 65,000	—	1
65,001- 70,000	—	1
70,001- 75,000	—	1
75,001- 80,000	1	1

Three directors (1983 two) waived fees totalling £3,000 (1983 £1,000).

An ex-gratia payment of £65,000 was paid to a former director (1983 - see note 9).

Notes to the Accounts

5. Staff costs

	1984	1983
	£ million	£ million
Wages and salaries	202.9	191.9
Social security costs	17.0	16.5
Other pension costs	4.4	3.0
	<u>224.3</u>	<u>211.4</u>
	Number	Number
	18,451	21,500

The average weekly number of employees during the year was

Senior employees

The number of senior employees of the group, who performed their duties mainly in the United Kingdom, and who received remuneration falling within the ranges below, were:

£	Number	Number
30,001 - 35,000	10	10
35,001 - 40,000	15	4
40,001 - 45,000	7	3
45,001 - 50,000	2	3
50,001 - 55,000	5	1
55,001 - 60,000	2	
60,001 - 65,000	2	
65,001 - 70,000	1	
70,001 - 75,000	2	

The 1984 figures include 25 employees seconded from an overseas subsidiary company who were remunerated in United States dollars. The subsidiary company has now ceased trading and the employees' contracts of employment are being terminated or renegotiated.

6. Income from investments

	1984	1983
	£ million	£ million
Listed	0.7	1.0
Unlisted	—	0.1
	<u>0.7</u>	<u>1.1</u>

7. Net interest receivable

	1984	1983
	£ million	£ million
Interest receivable:		
Bank and short term deposits	4.7	3.3
Other	0.4	2.4
Interest payable:		
Loan stock 1992	(1.2)	(1.1)
Bank loans and overdrafts and other loans repayable within five years	(2.2)	(2.3)
Premium on cancellation of loan stock	(0.4)	
	<u>1.3</u>	<u>2.3</u>

Notes to the Accounts

8. Taxation on profit on ordinary activities

The taxation charge is made up as follows:

Based on the profit for the year:

Corporation tax	12.1	11.7
Tax credits attributable to dividends received (excluding related companies)	0.3	0.1
Deferred taxation	(0.5)	(0.4)

Double taxation relief

Overseas taxation

Taxation over-provided in previous years
Related companies

Taxation for the year has been provided at the rate of 46.25% (1983/84)

The taxation charge for the year has been reduced by stock relief claimed and permanent allowance

Approximate amount of losses available in subsidiary companies to carry forward against future taxable trading income subject to agreement of the Inland Revenue

9. Extraordinary items

Surplus on disposal of related companies
Closure and reorganisation costs

Related taxation credit
Minority interest

Closure and reorganisation costs include £ Nil (1983 £0.7 million) compensation to former directors paid by a subsidiary company.

10. Dividends

	1984 Pence per share	1984 £million	1983 Pence per share	1983 £million
Interim paid	4.0	2.6	3.0	2.0
Final proposed	7.0	4.5	6.0	4.0
	<u>11.0</u>	<u>7.1</u>	<u>9.0</u>	<u>6.0</u>

Notes to the Accounts

11. Transfer to reserve

	1984 £ million	1983 £ million
Dealt with in the accounts of the holding company	14.1	5.9
Retained by subsidiary companies	(1.6)	1.6
Retained by related companies	—	0.3
	<u>12.5</u>	<u>7.8</u>

12. Earnings per share

The calculation of earnings per share is based on earnings of £19.1 million (1983 £18.0 million) and on 64,426,417 (1983 64,426,417) shares being the number of shares in issue during the year.

13. 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 1984	31.9	95.7	127.6	1.0
Exchange adjustment	0.7	1.7	2.4	—
Additions and transfers	2.5	17.4	19.9	1.1
Disposals	(2.3)	(15.9)	(22.2)	(0.1)
At 31 December 1984	<u>32.8</u>	<u>94.9</u>	<u>127.7</u>	<u>2.0</u>
Depreciation:				
At 1 January 1984	4.6	61.7	66.3	0.7
Exchange adjustment	0.1	1.0	1.1	—
Provided during the year	0.9	13.7	14.6	0.3
Disposals and transfers	(0.7)	(15.0)	(15.7)	0.3
At 31 December 1984	<u>4.9</u>	<u>61.4</u>	<u>66.3</u>	<u>1.3</u>
Net book value:				
At 31 December 1984	<u>27.9</u>	<u>33.5</u>	<u>61.4</u>	<u>0.7</u>
At 31 December 1983	<u>27.3</u>	<u>34.0</u>	<u>61.3</u>	<u>0.3</u>

Notes to the Accounts

13. Tangible assets (continued)

	Group 1984 £ million	Group 1983 £ million
The net book value of land and buildings comprises:		
Freehold	22.7	30.8
Long leasehold	4.3	4.7
Short leasehold	0.9	1.2
	<u>27.9</u>	<u>36.7</u>

Land and buildings are stated at:

Valuation 1960	0.2	0.2
Valuation 1974	7.2	7.3
Valuation 1978	2.4	2.4
Cost	23.0	32.0
	<u>32.8</u>	<u>41.9</u>

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.

Fixed assets include land and assets in the course of construction which have not been depreciated

8.6	4.8
<u>8.6</u>	<u>4.8</u>

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

Cost	6.5	6.5
Depreciation	0.8	0.7
	<u>5.7</u>	<u>5.8</u>
Net book value		

14. Investments (held as fixed assets)

Investments in subsidiary companies:

	Company 1984 £ million	Company 1983 £ million
Shares at valuation	115.1	83.5
Amounts owed by subsidiary companies	98.3	109.8
Amounts owed to subsidiary companies	(141.1)	(139.3)
	<u>72.3</u>	<u>64.0</u>



Notes to the Accounts

14. Investments (held as fixed assets) (continued)

	Group Related companies £ million	Group Unlisted investments £ million	Company Related companies £ million	Company Unlisted investments £ million
Other investments:				
Net book value at 1 January 1984	7.7	2.3	4.7	—
Exchange adjustment	0.4	—	—	—
Additions	0.5	—	—	—
Disposals and transfers	(5.4)	(0.9)	(4.7)	—
Net book value at 31 December 1984	3.2	1.4	—	—
Cost	3.2	1.4	—	—

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

Investments in related companies are stated at cost, less amounts written off, plus the group's proportion of post acquisition reserves.

Unlisted trade investments are stated at directors' valuation.

Principal subsidiary and related companies and investments are listed on page 22

15. Stocks and work in progress

	Group 1984 £ million	Group 1983 £ million
Long term contract work in progress	56.7	49.7
Raw materials and consumables	6.5	0.1
Other work in progress	11.7	6.0
Finished goods and goods for resale	6.1	6.0
Development land	5.3	2.8
	86.3	64.6
Long term contract work in progress is stated after deduction of amounts received and receivable of	1,114.3	1,070.0

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.149(3) Companies Act 1948 to enable the accounts to give a true and fair view. As progress payments cannot meaningfully be allocated between cost and profit, it is impracticable to determine the effect of the departure on the balance sheet carrying amount of long term contract work in progress.

Notes to the Accounts

16. Debtors	Group 1984 £million	Group 1983 £million	Company 1984 £million	Company 1983 £million
Amounts falling due within one year:				
Trade debtors	66.7	71.0	—	—
Amounts owed by subsidiary companies	—	—	0.8	—
Amounts owed by related companies	1.1	3.9	0.3	—
Other debtors	14.3	8.7	6.0	1.4
Prepayments and accrued income	3.5	3.8	1.1	—
	<u>85.6</u>	<u>87.4</u>	<u>8.2</u>	<u>1.4</u>
17. Investments (held as current assets)	Group 1984 £million	Group 1983 £million	Company 1984 £million	Company 1983 £million
Listed investments:				
Cost	11.7	1.7	2.0	—
Market value	<u>15.3</u>	<u>11.4</u>	<u>2.2</u>	<u>—</u>
18. Creditors: amounts falling due within one year	Group 1984 £million	Group 1983 £million	Company 1984 £million	Company 1983 £million
Bank loans and overdrafts	2.2	6.5	—	—
Trade creditors	132.5	107.7	3.6	0.5
Amounts owed to subsidiary companies	—	—	1.0	0.5
Amounts owed to related companies	0.9	—	—	—
Corporation tax	14.9	9.9	13.5	8.9
Other taxation and social security costs	8.2	8.2	0.2	—
Other creditors	10.5	17.0	0.2	3.5
Accruals and deferred income	15.2	23.0	0.9	3.5
Proposed dividend	4.5	6.4	4.5	6.4
	<u>188.9</u>	<u>178.7</u>	<u>23.9</u>	<u>22.1</u>
19. Creditors: amounts falling due after more than one year	Group 1984 £million	Group 1983 £million	Company 1984 £million	Company 1983 £million
Loan stock 1992	6.5	9.6	6.5	9.6
US dollar bank loan	12.9	10.3	—	—
Other loans	0.3	0.8	—	—
Other creditors	3.4	3.9	—	—
	<u>23.1</u>	<u>24.6</u>	<u>6.5</u>	<u>9.6</u>

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

The US dollar bank loan is repayable in March 1987. Interest payments are variable with US bank rates.

Notes to the Accounts

20. Provision for liabilities and charges

	Group £million	Company £million
Deferred taxation		
Balance at 1 January 1984	7.1	4.8
Deferred taxation credit	(6.7)	(3.6)
Other movements	1.4	0.9
Balance at 31 December 1984	<u>1.8</u>	<u>2.1</u>

	Group 1984 £million	Group 1983 £million	Company 1984 £million	Company 1983 £million
Accelerated capital allowances	6.5	9.1	6.5	9.1
Other timing differences	(2.8)	0.8	(2.5)	(1.5)
Recoverable advance corporation tax	(1.9)	(2.8)	(1.9)	(2.8)
Provided in accounts	<u>1.8</u>	<u>7.1</u>	<u>2.1</u>	<u>4.8</u>
Not provided in accounts:				
Accelerated capital allowances	1.1	1.9	1.1	—
Total potential liability	<u>2.9</u>	<u>9.0</u>	<u>3.2</u>	<u>4.8</u>

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

21. Share capital

	Authorised 1984 Number	Authorised 1983 Number	Allotted, called up and fully paid 1984 £million	Allotted, called up and fully paid 1983 £million
Ordinary shares of 50p each	<u>86,000,000</u>	<u>86,000,000</u>	<u>32.2</u>	<u>32.2</u>

22. Reserves

	Group £million	Company £million
Distributable: Profit and loss account		
At 1 January 1984	41.3	39.7
Retained profit for year	12.5	14.1
	<u>53.8</u>	<u>53.8</u>
Non distributable: Revaluation reserve		
At 1 January 1984	—	1.6
Decrease in net asset value of subsidiary companies in year	—	(1.6)
At 31 December 1984	<u>—</u>	<u>—</u>
Total distributable reserves at 31 December 1984	<u>53.8</u>	<u>53.8</u>

Notes to the Accounts

23. Capital commitments	Group	Group	Company	Company
	1984	1983	1984	1983
	£million	£million	£million	£million
Contracted but not provided in accounts	2.6	1.0	0.2	—
Authorised by the directors but not contracted	2.2	0.5	—	—
24. Contingent liabilities				
	Group	Group	Company	Company
	1984	1983	1984	1983
	£million	£million	£million	£million
Guarantees given in respect of borrowings of subsidiary and related companies	9.3	9.7	14.0	1.0

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

25. 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.

Principal Group Companies, Related Company and Investments at 31 December 1984

Subsidiaries

- AMEC Construction Services Limited
- AMEC International Construction Limited, operating outside the UK
- AMEC Investments Limited
- * AMEC Overseas Investments Limited
- AMEC Projects Limited
- AMEC Properties Limited
- CV Buchan (Concrete) Limited
- * Denco Limited
- Fairclough Building Limited
- Fairclough Civil Engineering Limited
- Fairclough Engineering Limited
- Fairclough International Construction Limited, operating outside the UK
- Fairclough-Parkinson Mining Limited
- Fairclough Scotland Limited, incorporated in Scotland
- * The Fisk Group, incorporated in the USA
- * General Descaling Company Limited
- * Metal and Pipeline Endurance Limited
- * Press Construction Limited (ordinary and preference shares)
- * Press International Construction Limited, operating outside the UK
- * Press Offshore Group Limited
- * William Press Pty Limited, incorporated in Australia
- * James Scott (Electrical Transmission) Limited, operating outside the UK
- * James Scott Mechanical and Electrical Services Limited, incorporated in Scotland
- Robert Watson & Co. (Constructional Engineers) Limited
- Robert Watson & Co. (Steelwork) Limited
- * Wentworth Club Limited
- * Worley International Engineering Group Limited (85%)

Related company

- * Gulliver Consolidated Limited, incorporated in Zimbabwe (45%)

Investments

- * French Kier Holdings p.l.c. (15.3%)
- * Abaco Investments PLC (19.7%)
- * Power Securities Limited, incorporated in the Republic of Ireland (19.9%)

Notes

- 1 The above companies together with their subsidiary and related companies are, in the opinion of the directors, those principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the companies are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capital is in ordinary shares.
- 3 Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiary companies.
- 4 Fairclough Construction Group p.l.c. and William Press Group p.l.c., which do not now trade, continue to hold shares in certain subsidiaries.

Report of the Auditors to the members of AMEC plc.

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

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain properties, give under that convention a true and fair view of the state of affairs of the company and the group at 31 December 1984 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain the current cost statements required by Statement of Standard Accounting Practice No. 16.

*Armitage &
Norton*

Armitage & Norton
Chartered Accountants
Leeds

Price Waterhouse

Price Waterhouse
Chartered Accountants
London

3 April 1985

Statistics

for the ten years ended 31 December 1984

	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Consolidated results										
Turnover	686.7	715.3	263.5	245.6	264.1	237.5	233.0	170.1	163.5	147.7
Profit before taxation	27.1	26.1	16.6	13.4	10.3	10.2	9.6	6.9	6.0	5.0
Taxation	(7.6)	(8.1)	(5.7)	(3.9)	8.3	(3.1)	(4.7)	(3.5)	(3.1)	(2.6)
Profit after taxation	19.5	18.0	10.8	9.5	18.6	7.1	4.9	3.4	2.9	2.4
Extraordinary items	0.1	(1.4)	(2.9)	0.8	(0.5)	—	(0.3)	—	(0.8)	—
Attributable profit	19.6	16.6	7.9	10.3	18.1	7.1	4.0	3.4	2.1	2.4
Dividends	(7.1)	(6.4)	(5.3)	(2.4)	(2.0)	(1.8)	(1.5)	(6.3)	(0.8)	(0.8)
Retained in business	12.5	10.2	2.6	7.9	16.1	5.3	2.5	2.5	1.3	1.6
Earnings per share	29.6p	27.9p	24.6p	21.8p	18.8p	16.0p	11.0p	9.0p	7.7p	7.1p
Dividends per share	11.0p	10.0p	9.0p	5.5p	4.5p	4.0p	3.5p	2.5p	2.3p	2.1p
Summarised consolidated balance sheets										
Assets employed:										
Fixed assets	66.0	71.3	73.1	51.1	41.7	40.6	33.5	24.5	22.4	19.3
Net current assets	45.3	34.5	24.3	8.3	9.3	5.8	5.0	0.7	(1.7)	—
	111.3	105.8	97.4	59.4	51.0	46.4	38.5	25.2	20.7	19.3
Financed by:										
Share capital	32.2	32.2	32.2	11.0	11.0	11.0	11.0	9.4	2.3	2.3
Reserves	53.8	41.3	33.8	44.4	38.0	21.9	16.7	9.7	14.3	12.9
Shareholders' funds	86.0	73.5	66.0	55.4	49.0	32.9	27.7	19.1	16.6	15.2
Minority interests	0.4	1.6	1.8	—	—	0.1	0.1	—	—	—
Loan stock	6.5	9.6	10.2	—	—	—	—	—	—	—
Loans	16.6	14.0	11.9	—	1.0	2.0	1.7	0.3	0.8	1.7
Deferred taxation	1.8	7.1	7.5	4.0	1.0	11.4	9.0	5.8	3.3	2.4
	111.3	105.8	97.4	59.4	51.0	46.4	38.5	25.2	20.7	19.3

Notes

- Dividends and earnings per share have been adjusted for capital issues.
- The figures are stated in accordance with the accounting policies set out on page 12 except that:
 - No restatement prior to 1978 has been made for the change in accounting policy on deferred taxation.
 - No restatement prior to 1982 has been made for the change in accounting policy on related companies.
- The consolidated results include the results of William Press Group p.l.c. from 1983; the consolidated balance sheets include the relevant figures as from 31 December 1982.
- Amount retained in business in 1983 is stated before the adjustment of £2.4 million to deferred taxation arising from change in legislation.
- Taxation for 1980 includes a credit of £10.3 million which has been excluded in computing the earnings per share for that year of 18.8p.