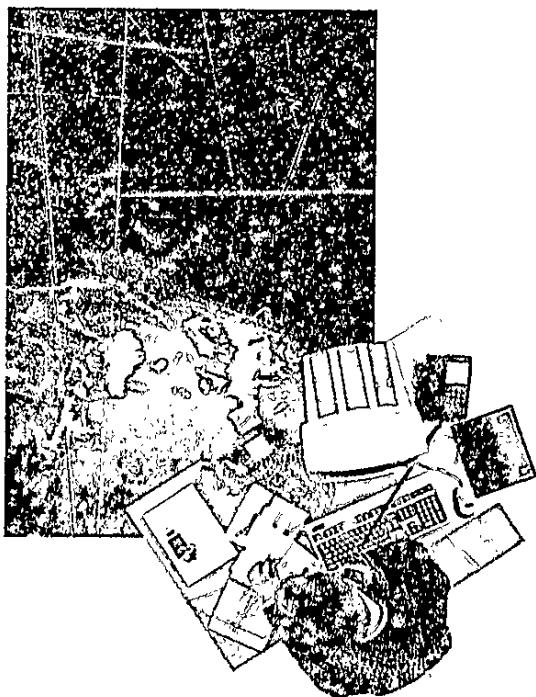


**AMEC**



*Annual Report  
and Accounts  
1992*

264  
20-5-93

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## Group Strategy

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

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

- Respond effectively to changing client requirements.*
- Adapt our services to meet every need.*
- Resist cyclical change.*
- Innovate and create opportunity.*

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

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

The main principles of our strategy are to:

- Offer our clients a broad range of engineering, construction and development services.*
- Ensure that every service offered is the best in its market.*
- Offer our services wherever our clients need them worldwide.*

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

The overall result for 1992 is particularly disappointing because problems in specific situations have outweighed sound and, in many cases, outstanding performances from our core businesses. Our United Kingdom contracting business generated pre-exceptional profits of £55.1 million, only 11 per cent down on last year, and still ahead of the result achieved in 1990. These performances reflect the resilience of AMEC's fundamental strategy, with its emphasis on breadth of capability and flexibility of response. The ravages of the current market have been mitigated by the group's diversity while client demand for our integrated service continues to increase both in the United Kingdom and overseas.

This is apparent from the continued strength of the order book in many areas of the group, particularly in the process and energy sector, in civil engineering and in our heavy mechanical and electrical businesses. In addition, our commitment to cash management has resulted in a strong cash balance at the end of the year.

The overall result has, however, been severely affected by factors which

were unforeseen at the start of the year and which have necessitated significant exceptional items. The first was the major write down of our office development in Brighton, to which was added the significant decline in the value of our investment in Power Corporation Plc as a result of exceptional losses incurred by that company.

Further costs have also been incurred during the year as we have streamlined and restructured our activities to maximise the cost efficiency of our services in the current market. In addition, we have reviewed the carrying value of our land and property assets and made further substantial provisions.

All these matters are in addition to the difficulties experienced by our businesses in Australia, to

which I referred in my interim statement. Against this background, the directors have decided to recommend a final dividend of 1.0p per ordinary share, giving a total for the year of 3.0p. We believe this is a prudent position to take, from which dividend growth can now be reasonably anticipated. Strong action has been taken to deal with the specific problems revealed during 1992 and this will provide the basis for renewed growth and development when economic conditions improve.

My interim statement referred to the depressed condition of the Australian market and the increasing difficulty in settling contractual issues which resulted in serious losses in our mechanical and electrical businesses during the year. These businesses have now been restructured and a change of emphasis is being achieved from the still depressed commercial sector to specialist and industrial work. We anticipate a modest contribution in 1993.

It remains our view that the property market will not improve significantly in the medium-term and that recovery in housing will be slow. We therefore seek to continue to reduce our capital employed in these businesses and have rationalised and restructured the sector, withdrawing entirely from traditional speculative property development.

I referred earlier to the serious problems of our Trafalgar Place development in Brighton which were exacerbated by the collapse of the commercial property market. However, the problems also reflected unacceptable failures of management and control and rigorous action has been taken to ensure that these do not recur.

The process of restructuring and streamlining continued in all sectors of the group in 1992, aimed at reducing our cost base while maintaining the effectiveness of our client response. Most notably, our construction and design and management activities were brought into a single sector which now offers a comprehensive service from conceptual design through every phase of management to project realisation. This reflects the growing demand of clients for an integrated approach, not only in private sector building but increasingly in the public sector and for civil engineering projects.



Sir Alan Cockshaw  
FEng  
Chairman

Changes in other sectors also reflect the group's ability to shift its emphasis and to develop new services in response to market demand. The process and energy sector, for example, had a good year in 1992 reflecting a record volume of work for clients in the North Sea, especially in platform design and fabrication. The decline in requirements for new offshore platforms during 1993 was anticipated last year and the sector has already shifted its emphasis through an expansion of work in engineering services, maintenance and onshore refineries.

AMEC's overseas strategy is based on the selection of markets where our special skills enable us to establish profitable long-term positions. We aim to expand through partnerships with established local companies whose skills and experience are complementary to our own. Such relationships enable us to provide an enhanced joint service, creating a wider range of opportunities than either partner could achieve individually.

At the same time, the group is disposing of some smaller peripheral businesses overseas which do not provide acceptable returns and which are now inconsistent with our longer term objectives. Together with the reduction of capital employed in our housing and property activities, these disposals will allow us to reinforce our position in stronger markets. In the United States we have continued to rationalise our business and, as the recession ends, we are developing areas where growth potential is apparent. As part of this process the oil and gas engineering business of Barnard and Burk has been moved from Baton Rouge to Houston and brought under the direct management control of the process and energy sector in the United Kingdom.

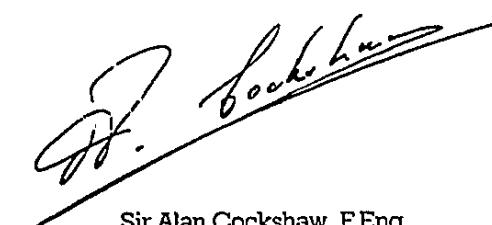
Making progress in South East Asia remains a priority for the group. There are special opportunities there for the construction sector in the major infrastructure development now taking place in Hong Kong where an early success was achieved in the award, in joint venture, of a major contract on the North Lantau Expressway. However, the main opportunities in this region will be for our process and energy sector, based on the growing need of local economies to develop their oil and gas

resources and the resulting demand for North Sea expertise. We are already well advanced in the development of partnerships in South East Asia.

Both in the United Kingdom and overseas, the year ahead will be a period of consolidation. We are committed to achieving greater added value from our core businesses. Even in a difficult market the opportunities are considerable.

Conditions in 1992 have been particularly harsh. The current economic outlook indicates that all our markets will continue to remain under pressure. It is easy at such a time to focus on the weaknesses of the 1992 performance but most of our people have done a first rate job. They deserve our sincere thanks at all levels.

As we end a very difficult year and enter one with more promise, one of the great stalwarts of our group will be leaving us. Ian Bateman is to retire from the board after the forthcoming annual general meeting after 25 years' service. Ian joined the main board of Fairclough in 1973 and the board of AMEC 10 years ago, immediately after its formation. Throughout, Ian has been an invaluable source of level-headed experience and advice. He has seen all the various cycles of our industry before and has brought considerable wisdom to all our discussions. I should like therefore to offer my special thanks to him for his service. We shall all miss him and we wish him well in his retirement.



Sir Alan Cockshaw, F Eng  
Chairman

AMEC p.l.c.  
Results

	1992 £ million	1991 £ million
Turnover	2,121.7	2,338.2
Profit before exceptional items	27.1	56.3
Loss on ordinary activities before taxation	(87.5)	(13.1)
Loss on ordinary activities after taxation	(77.7)	(12.8)
Shareholders' funds	242.2	350.5
Earnings per ordinary share before exceptional items		
Undiluted	3.7p	14.5p
Diluted	6.8p	14.1p
Loss per ordinary share after exceptional items		
Undiluted	(44.1p)	(13.5p)
Diluted	(25.2p)	(4.2p)
Dividends per ordinary share	3.0p	10.25p

## Financial Calendar

## Publication of results

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

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

## Annual general meeting

## **Dividends and interest payable**

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

## The Board

*Simon Batey  
age 39,  
appointed  
12 June 1992*

*Dennis Clark,  
age 46,  
appointed  
10 April 1990*

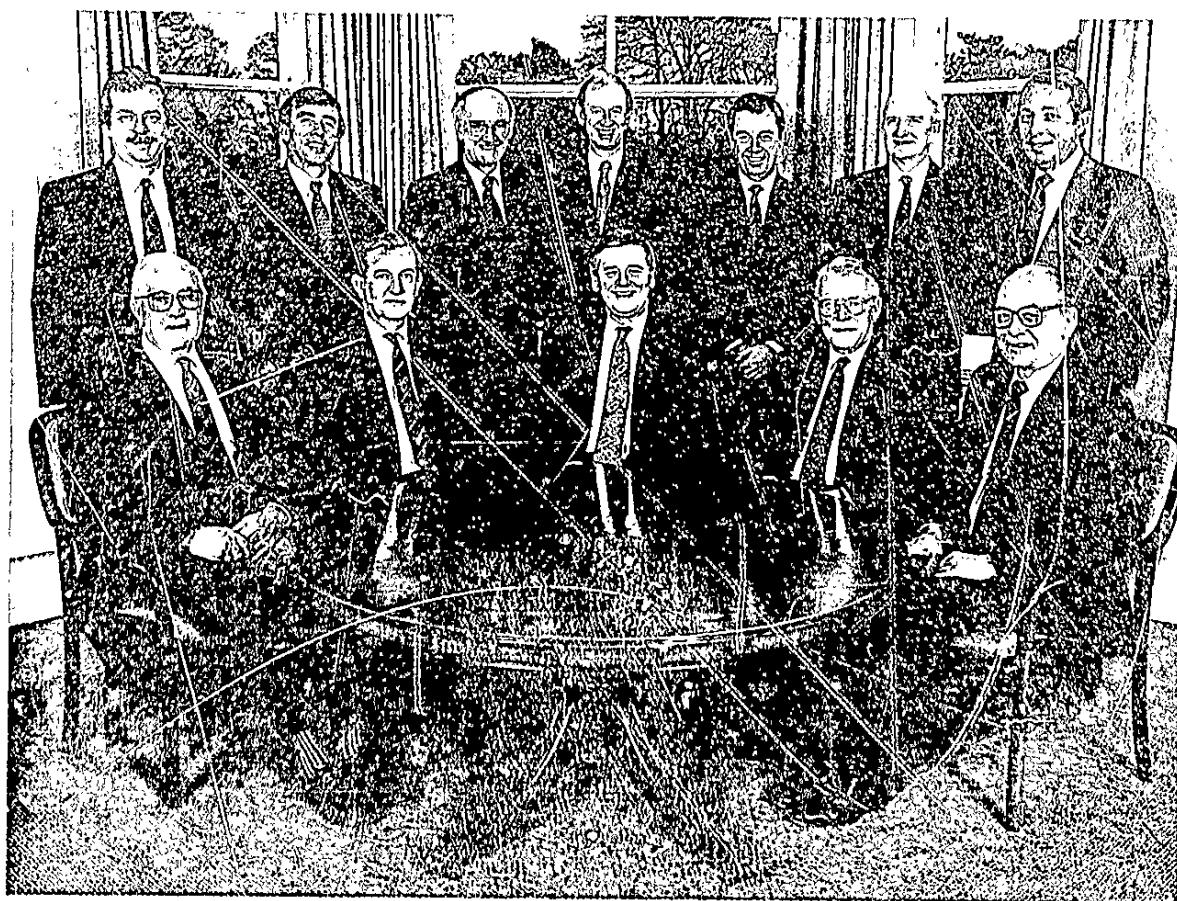
*Sir John Nott,  
age 61,  
appointed  
1 January 1992*

*John Early,  
age 47,  
appointed  
31 March 1986*

*David Robson,  
age 47,  
appointed  
14 August 1991*

*Ian Bateman,  
age 58,  
appointed  
2 February 1983*

*Peter Kerec,  
age 50,  
appointed  
2 January 1986*



*Sir Oswald  
Davis  
age 72  
was chairman of  
AMEC from its  
formation  
through to  
31 July 1984*

*John Bateson,  
age 61  
appointed  
28 November  
1980 and  
became chief  
executive on  
19 May 1988*

*Sir Alan Lishaw  
age 62  
appointed  
29 December 1983  
and became chairman  
on 19 May 1988*

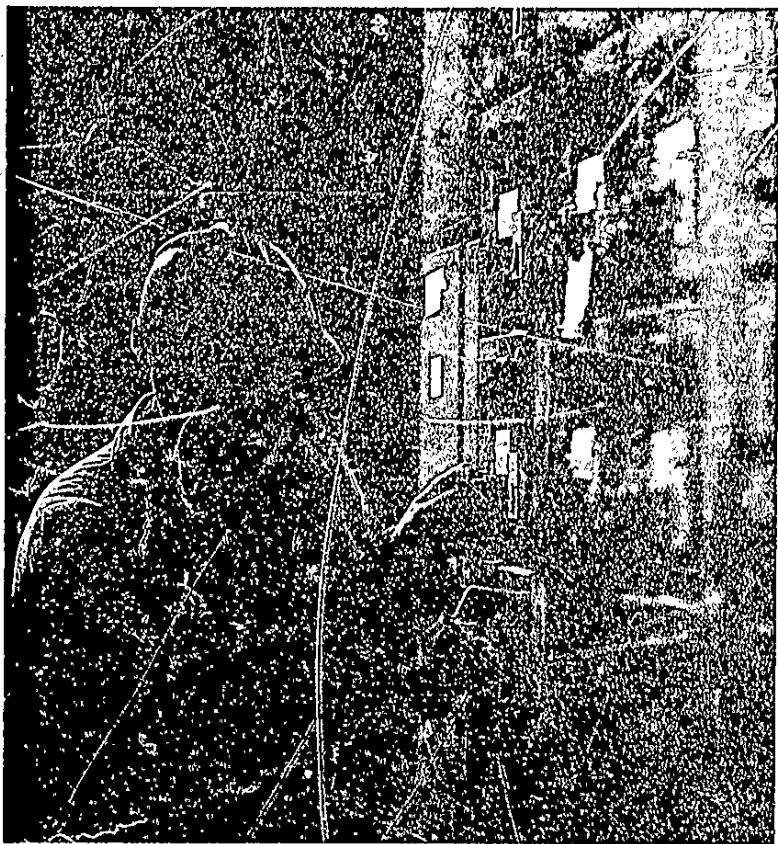
*Eric Swanson,  
age 66  
appointed  
20 July 1987*

*Ron Poet  
age 67  
appointed  
1 January 1984*

## People



Main board director  
Ian Bateman  
Pictured behind are the group personnel manager Brian Clayton and group pensions manager Isobel Triplett.



1992 marked the completion of AMEC's first decade of operation in a year of continuing recession. The strong commitment to employees, which was established and applied throughout this period, has been tested by inevitable redundancies in most parts of the group.

Although numbers employed have fallen considerably, AMEC's underlying commitment to its staff continues to be regarded as an investment in the future growth and success of the group as a whole. Training and development of staff has remained a priority. This activity is now seen as mainly the responsibility of the operating sectors, although the group has continued to co-ordinate director and senior management training centrally.

The management courses developed in co-operation with the London Business School and the City University Business School have been run successfully during the

year and an additional directors' development course has been designed and introduced in 1993. Graduate recruitment and development has continued, although at a reduced level, reflecting general trading conditions. The group has continued to develop activities overseas which have created new opportunities for career development for a number of people. Currently there are staff seconded in Germany, Hong Kong, Holland, USA and Australia. The health and safety of employees remains a prime concern within the group as does the maintenance of a below average accident incidence rate. The wealth of European directives creating new regulations has been addressed and incorporated into AMEC's safe working practices.

Considerable importance is attached to health and safety training and, in 1992, AMEC was the first company to be accredited by the Institution of Occupational Safety and

Health to run its own five day 'Managing Safely' course. In addition, more than 3,500 supervisors and operatives received general safety training as did some 600 directors and managers.

AMEC's structure of safety management is subject to constant review, to ensure efficient management of the safety function and meaningful audit of safety policies and procedures, in accordance with current expected practice.

Environmental matters continue to be addressed with growing awareness in recognition of the need to minimise pollution and maximise environmental control.

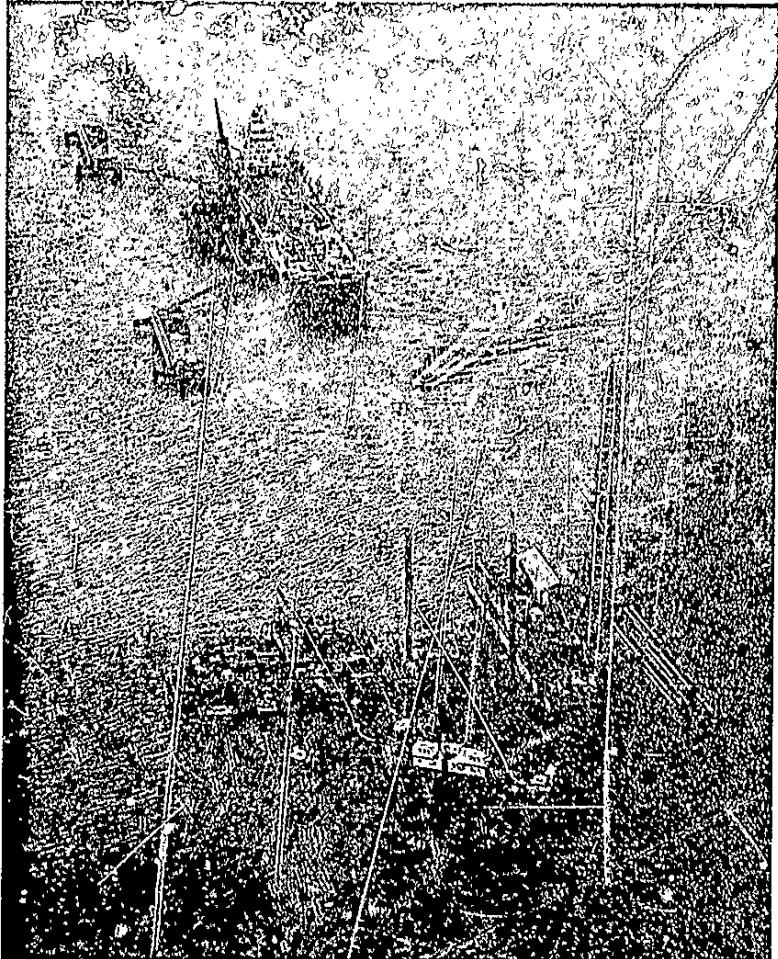
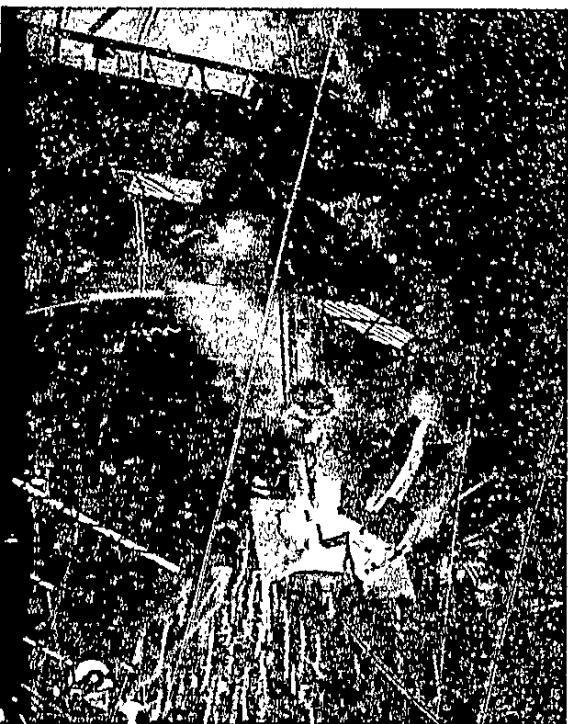
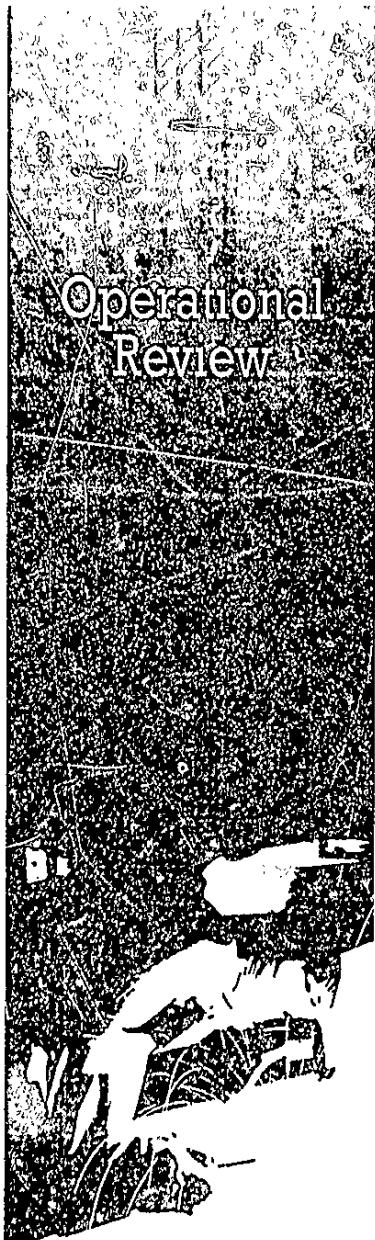
Communication with and between employees is identified as a main ingredient in the team-building process and the group newspaper, *AMEC Times*, circulated to all group employees and pensioners, continues to provide a valuable focus for this. Some group companies also produce local newsletters for their staff.

The AMEC Staff Pension Scheme's own publication, *Pension News*, continued to be produced in 1992. The third in an annual series of regional conferences was held during the year under the title 'Setting the Pace'. Attended by some 500 directors and senior executives, the conferences concentrated on Europe and the single European market; the subject of continuous performance improvement was also addressed.

1992 saw a major communications achievement for AMEC. The group received an international award for its distinctive 'flying triangles' logo, which won the construction section of the prestigious Nuit du Logo competition. The presentation of the 'Best European Logo 1992' award was made at a special ceremony in Paris.



## Operational Review



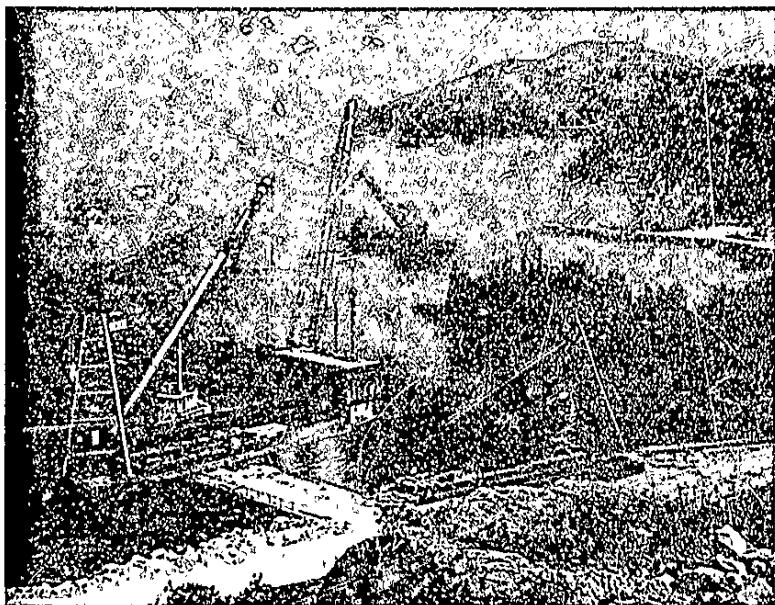
Above: The Dalmeny project for BP involving AMEC Engineering, AMEC Civil Engineering, Press Construction and James Scott  
Left: C V Buchan's Stockton Foundry

AMEC's results in 1992 reflected the extremely difficult conditions prevailing throughout most of the developed world, particularly in the United Kingdom, where most of the group's business is still done. The volume of work available to the group in many of its markets continues to decline and no significant improvement is anticipated in the coming year. The impact of these conditions has been severe and has been exacerbated by a small number of specific problems.

However, the group's overall strategy, based on broad diversification and a balance of interests, has continued to prove its worth. AMEC's core engineering businesses have sustained the strength of their performance and there is increasing demand for their ability to integrate services to provide a flexible and comprehensive client response.

AMEC's traditional financial prudence and strong cash position are fundamental assets in the current market. The year has seen a concerted drive to enhance the cost effectiveness of all operations still further, through reorganisation and the creation of a more streamlined operating structure. At the same time, investment has continued in the improvement of AMEC's technical capabilities and the evolution of electronic links between business units both in the UK and overseas.

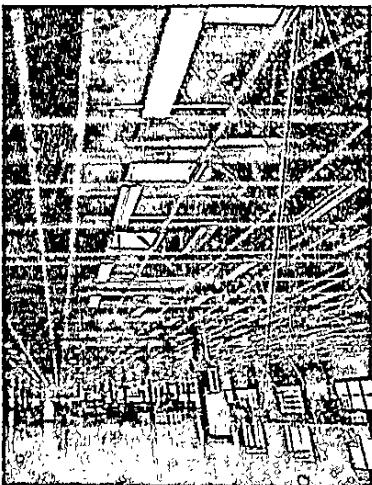
As the UK market continues to contract, the development of AMEC's international dimension becomes more vital. However, against a background of recession almost throughout the developed world, the group's current progress is marked by caution and careful selection of opportunities. Both in mainland Europe and more widely, efforts are being focused on target markets which offer especially promising potential for AMEC's capabilities and where group companies can achieve a strong market position in the medium to longer term.

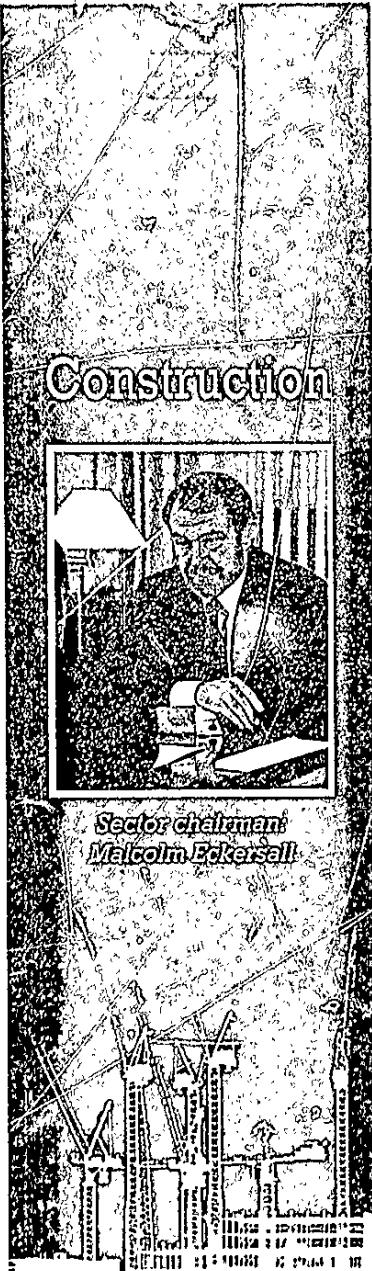


Above: Sham Shui Kok, part of the Tai Ho section of the North Lantau Expressway, Hong Kong  
Left: The DEKRA factory, Kaiserslautern, Germany  
Below: A printed circuit boards assembly and test unit for Bosch at Caen, Mondeville, France



In all areas of the world, group activities show a growing emphasis on development through partnerships and joint ventures with established local interests. Successful partnerships are already established in the USA and throughout mainland Europe. The network is developing in other markets such as South East Asia. These relationships create an enhanced joint capability which is readily transferable on an international basis and is already opening an increasingly wide range of opportunities.





## Construction

*Sector chairman:  
Malcolm Eckersall*



### AMEC Construction

*Chairman: Malcolm Eckersall*

### AMEC Building

*Managing director: Rodney Anderson*

### AMEC Civil Engineering

*Managing director: Alan Lamerton*

### AMEC Construction Scotland

*Managing director: Peter Brynes*

### AMEC Design and Management

*Managing director: Jim Brown*

### AMEC Mining

*General manager: Carl Johnson*

### GERIL-AMEC

*Chairman: Antonio Valadas Fernandes*

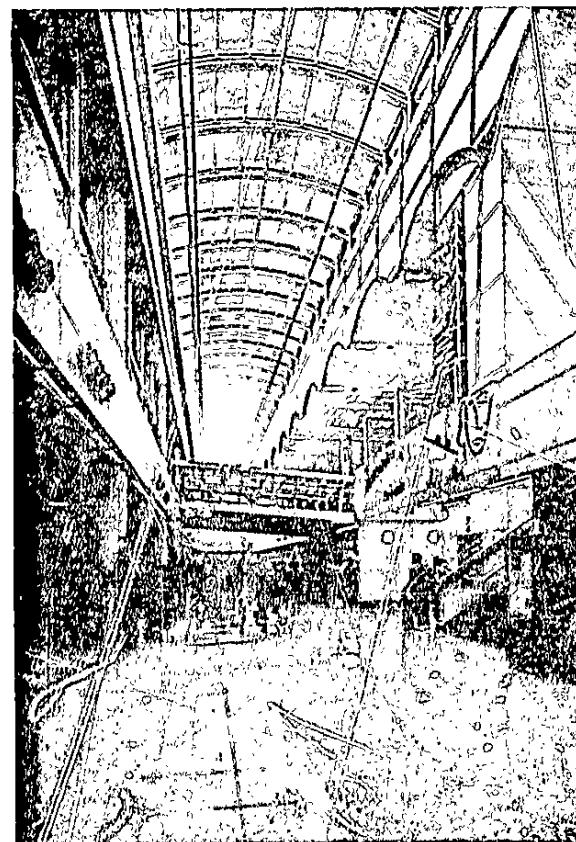
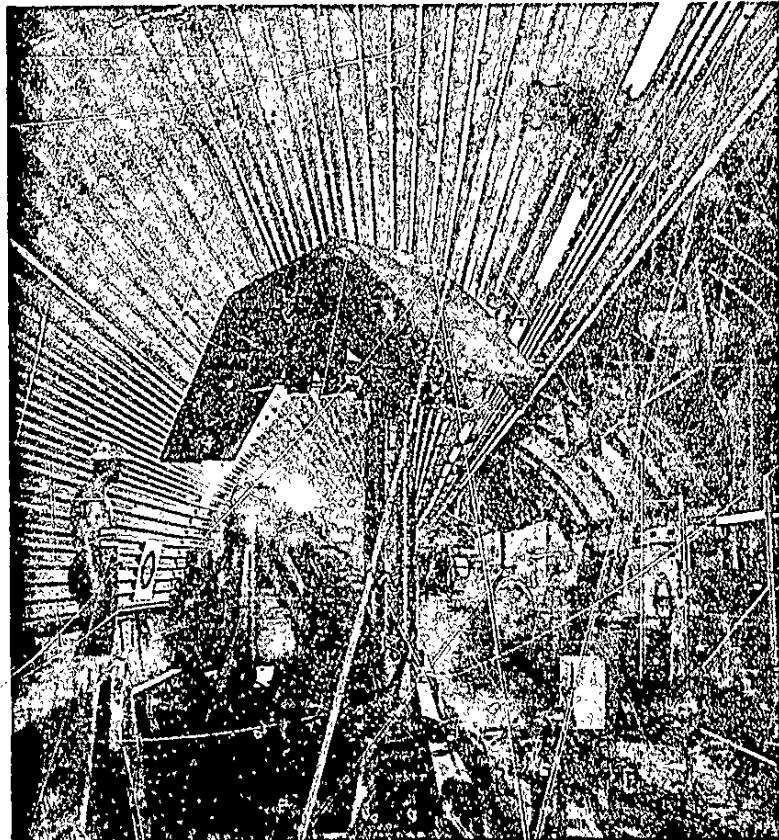
*Gebr Kittelberger GmbH & Co*

*Joint managing directors: Kurt Altmann*

*and David George*

### Serele

*Chairman: Philippe Kessler*



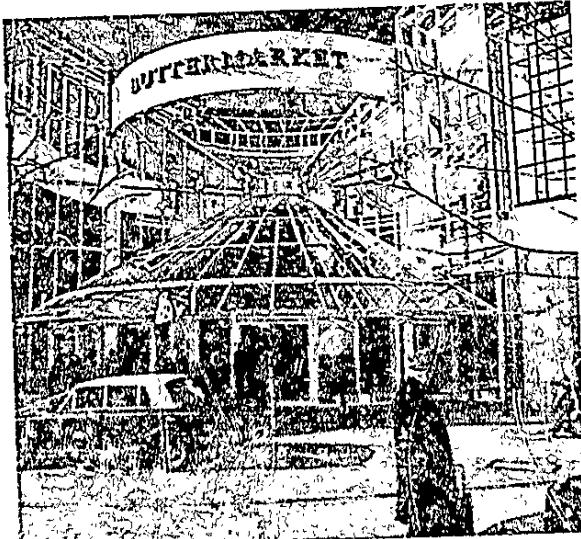
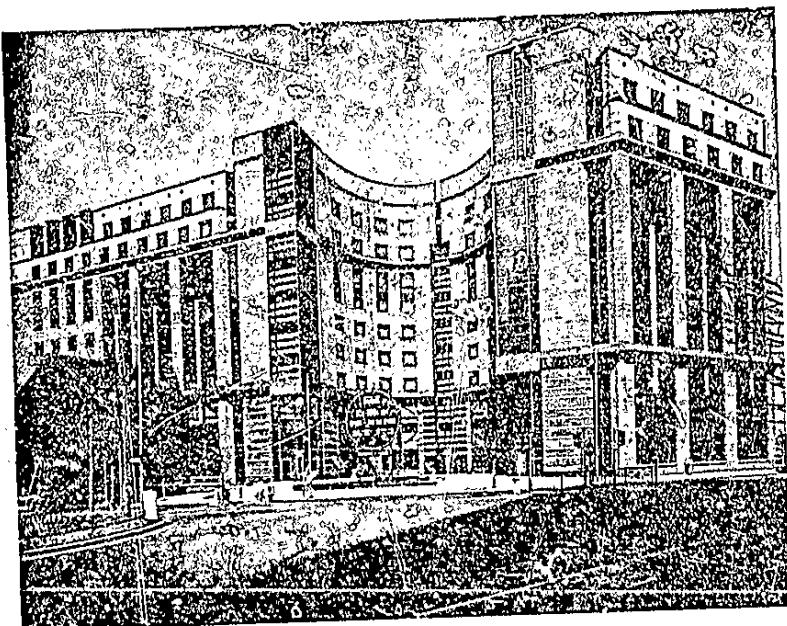
*Above: London  
Underground's  
Bank station  
Left: Glasgow  
Airport*

Following a reorganisation during the year, this sector now brings together all AMEC's activities, both in the UK and internationally, in building, design and management, civil engineering and mining.

In intensely competitive UK market conditions, AMEC Civil Engineering and AMEC Construction Scotland have been able to gain market share in carefully identified business areas. Integrated projects with other group companies have featured strongly, including the Dalmeny project for BP, in which several group companies are involved. Both companies have focused on developing design and construction capability and the specialist engineering skills for which water and power generation markets provide a growing range of opportunities. Examples include work at Drax and Killingholme power stations and record breaking achievements on the London ring main for Thames Water.

Commercial building markets remained extremely difficult throughout the year, severely limiting the opportunities available to AMEC Building. However, with increased emphasis on client care and improved market research this company achieved positive results in a number of market sectors, including healthcare, universities and retail. Success was also achieved with established client relationships where work continued to be secured with a range of repeat order clients, including Holiday Inn, Sainsbury's, Kellogg's and Safeway.

AMEC Design and Management continues to develop its track record in specialist areas including the pharmaceutical and biotechnical industries, airports, healthcare and environmental work. The major expansion of Glasgow Airport was completed during the year, together with phase one of Manchester Airport's £265 million Terminal 2 complex. The company is also benefiting from high investment in the water industry, with the design



Above: Prospect West, a major office development in Croydon town centre  
Left: The Buttermarket shopping centre, Ipswich  
Below: A pharmaceutical/chemical project for The Wellcome Foundation

and management of a major new administrative complex for North West Water.

The sector continues to expand overseas through established joint ventures in all major European countries. In other markets such as South East Asia opportunities are being sought on a highly selective basis, where AMEC can contribute special skills to partnerships of established local and international interests. A major contract on the North Lantau Expressway in Hong Kong has already been won and further partnerships are actively being progressed.



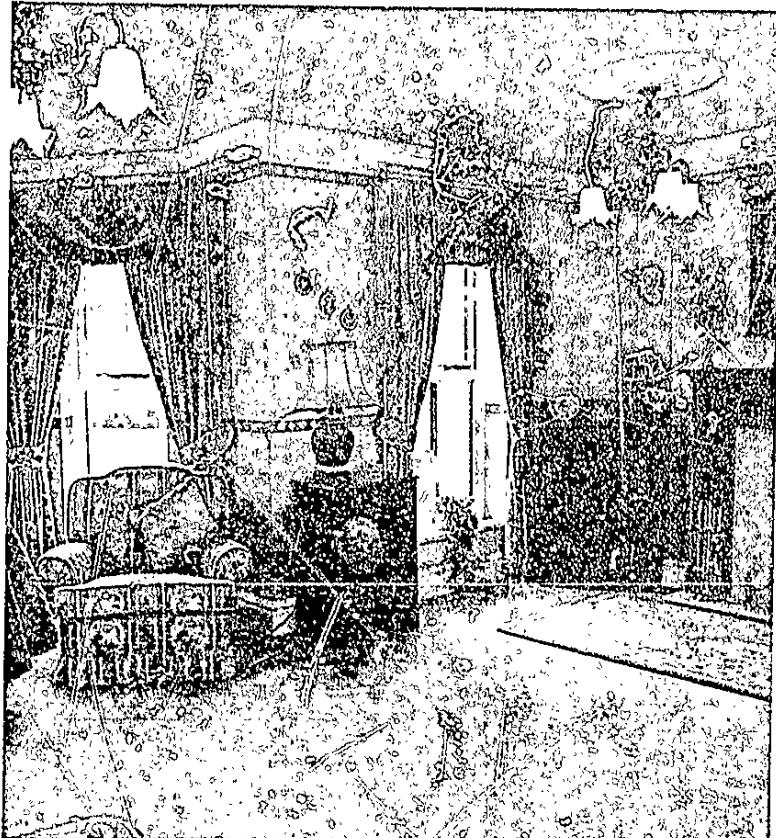
## Housing and Property



Sector chairman:  
John Early



**AMEC Developments**  
Managing director: David Taylor  
**Fairclough Homes**  
Managing director: Mike Ratcliffe



Above: *The Carriages*, Altrincham  
Left and below left: *The Shires* development, St Helens

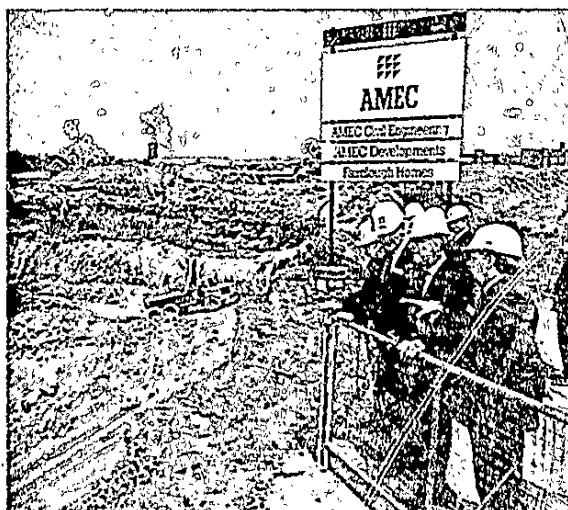
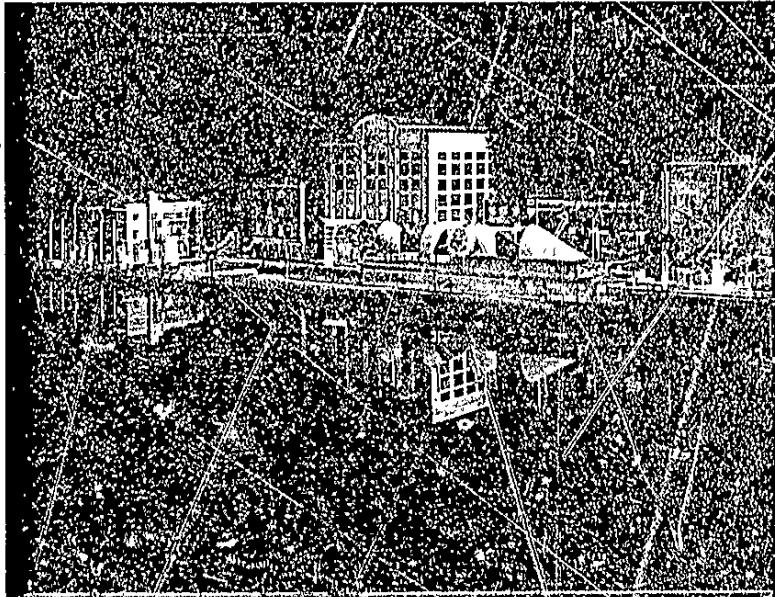


Market conditions for this sector continued to reflect the severe impact of the recession and further deterioration was experienced throughout the year. With no significant or immediate upturn expected, activities have been restructured and capital employed in the sector continues to be reduced. Despite current conditions, AMEC's overall financial strength enables a market presence to be maintained on a highly selective basis. The creation of a new company, AMEC Developments, from the former property and regeneration companies, has brought together a strong range of complementary skills and experience. While AMEC has now withdrawn entirely from traditional speculative property development activities, the new joint team is able to take advantage of a range of special opportunities.

AMEC Developments' strategy focuses on schemes which offer significant potential but where the total financial commitment is minimised. Partnerships and the availability of grant aid are common features of such schemes, which are often planned on a medium to long-term basis. Many have an urban regeneration element and the company's specialist skills such as land reclamation are an important advantage.

The company has a strong track record in large scale urban regeneration schemes. More recent initiatives include the Newcastle Quayside development with Tyne and Wear Development Corporation and the City Challenge project in Hulme, where a sound working relationship has been developed with Manchester City Council and promising progress is being achieved. Further projects are being developed in Trafford Park, where partnerships have been formed with land-owners and support assured from the Trafford Park Development Corporation.

The ability to structure attractive integrated packages, utilising the



Above:  
The Newcastle  
Quayside  
development  
Left: Inner city  
regeneration at  
St Helens

skills of other group companies, is creating some further special opportunities. Recent examples include a major warehouse scheme in Warrington, for Barclays Bank, which was developed with the help of AMEC Building.

Demand for new houses remains extremely depressed and Fairclough Homes has further rationalised its regional office structure, whilst retaining the ability to participate fully when the market recovers. The structure still retains the advantages of a geographic spread but tightly defines the area within which each region operates. Sales have continued, though at a

lower level than forecast, and an emphasis on quality, together with a range of innovative marketing schemes have helped the company to maintain its market share during 1992.

Joint ventures, both internal and external, feature strongly in the company's current strategy. New developments opened during the year included Heron's Reach in Blackpool, a joint venture with the North of England Building Society, and the housing element of AMEC Developments' major scheme in St Helens. Sales at all these developments are progressing satisfactorily.

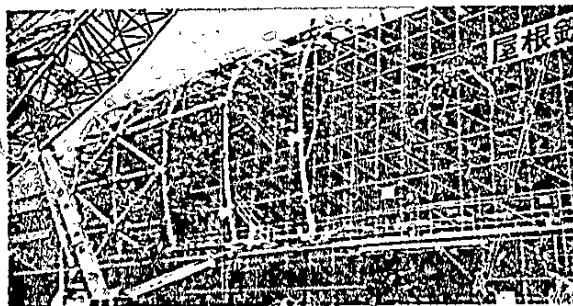
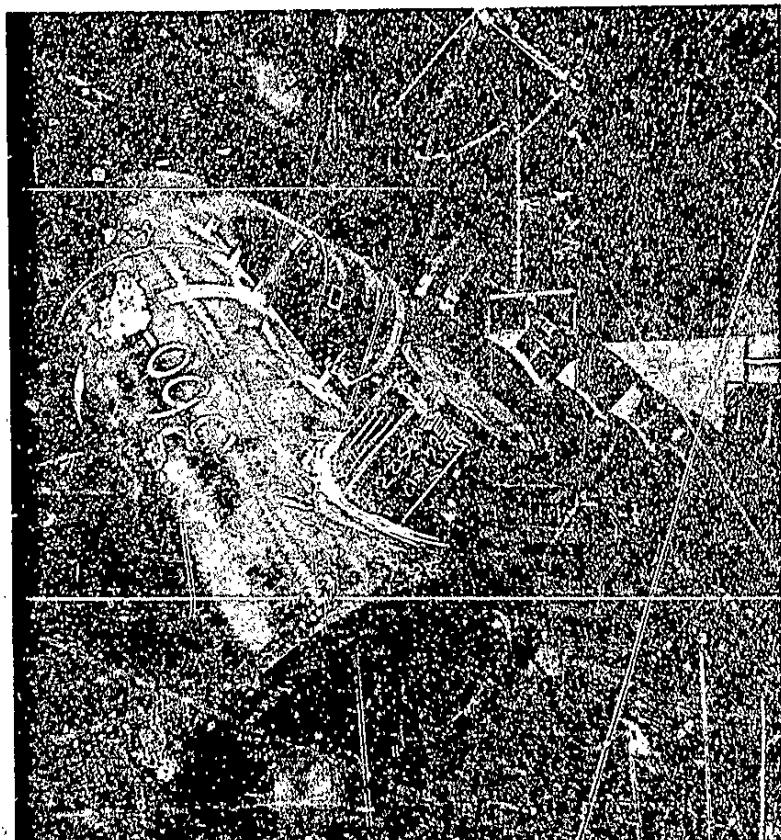
## Manufacturing and Services



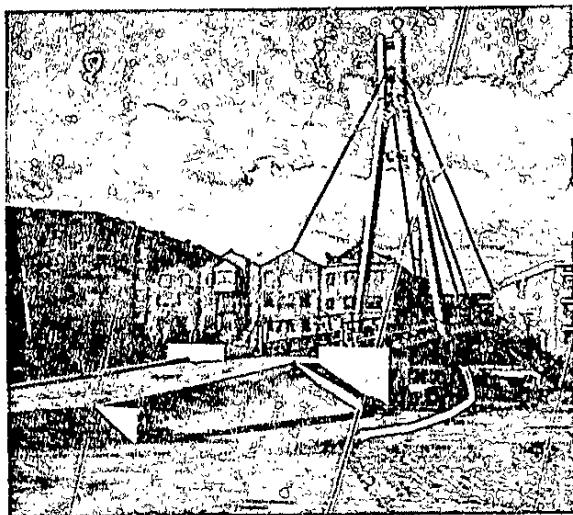
Sector chairman  
David Robson



**AMEC Construction Services**  
Managing director: *Bernard Lowery*  
*C V Buchan*  
Managing director: *Don Johnstone*  
*Denco*  
Managing director: *Barrie Carter*  
*Watson Steel*  
Managing director: *Joe Loake*



Above: The  
fabrication of  
pipework for  
use in  
the Channel  
Tunnel  
Left: Kansai  
International  
Airport, Osaka,  
Japan  
Below left: The  
River Aire bridge,  
Leeds





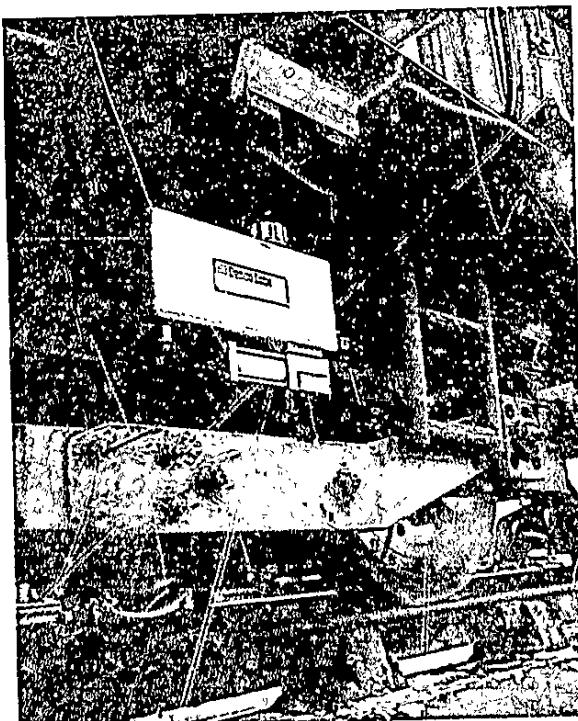
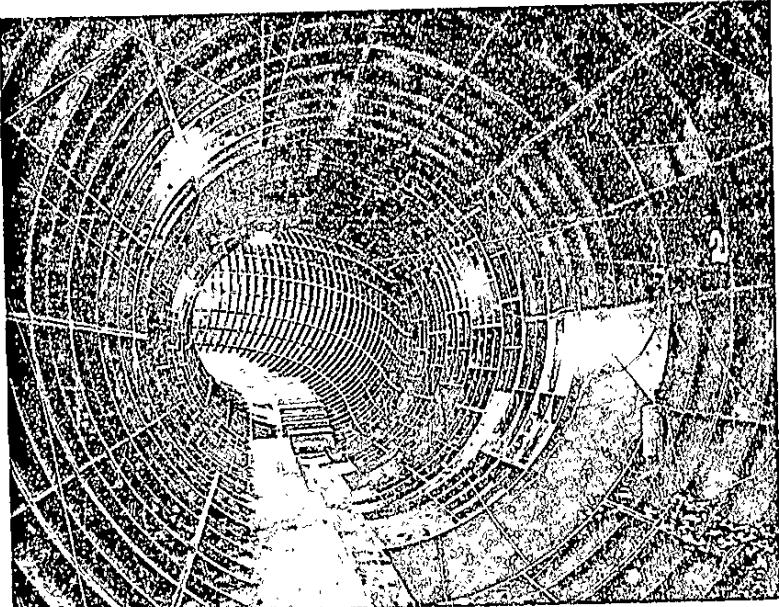
All companies in this sector performed well during 1992. Despite increasingly competitive conditions, their specialised skills provided a range of new opportunities both in the UK and overseas.

Conditions in the structural steel market are particularly difficult and Watson has responded by exploring a range of international initiatives in partnership with overseas companies. Through the Kansai International Airport contract, Watson has established links with major Japanese companies. In mainland Europe, a partnership, established for Watson's contract at Charles de Gaulle Airport, will provide further opportunities both in the strong German market and more widely.

In the UK, Watson has strengthened its position through the successful entry of new markets such as the combined cycle gas turbine power industry with a contract for Rye House power station. The company's recognised technical quality has also ensured a continuing flow of work from the nuclear industry.

Buchan enjoyed a successful year with excellent prospects ahead in a range of expanding markets including the water industry. In the transport arena, the company maintained its reputation for the supply of large, technically demanding, concrete structures. A 27 tonne 'A' frame for a bridge spanning the River Aire, in Leeds city centre, was one recent example. Buchan's product range and technical capability were broadened during the year by the acquisition of Stockton Foundry. Specialising in cast iron products, including tunnel linings, this business will significantly enhance Buchan's ability to take advantage of opportunities in all of its markets.

For Denco, 1992 featured both expansion of its product range in the UK and a successful drive to develop export markets, including Turkey, the EC and eastern Europe. New developments include an



Above: Pre-cast concrete segments for London Underground's Angel station  
Left: A new rail wheel flange lubrication system developed by Denco in collaboration with British Rail

advanced 'environmentally friendly' vehicle lubrication system which was developed by Denco technicians working in Germany in partnership with BP.

Franklin Hodge, the group's liquid storage specialist, helped to supplement existing water supplies for some of the remotest areas of The Gambia. Under a number of contracts, the company supplied

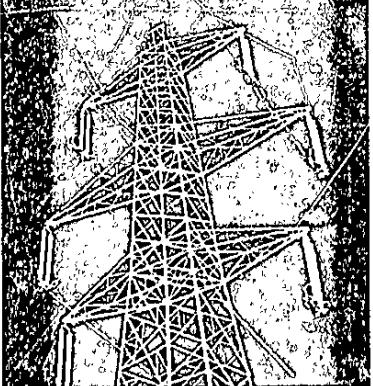
and installed several elevated water storage tanks providing clean drinking water to thousands of villagers for the first time.

AMEC Construction Services, as well as supplying plant, equipment and cars for the group, secured major accommodation contracts for London Underground (Acton works) and Powergen at Killingholme power station.

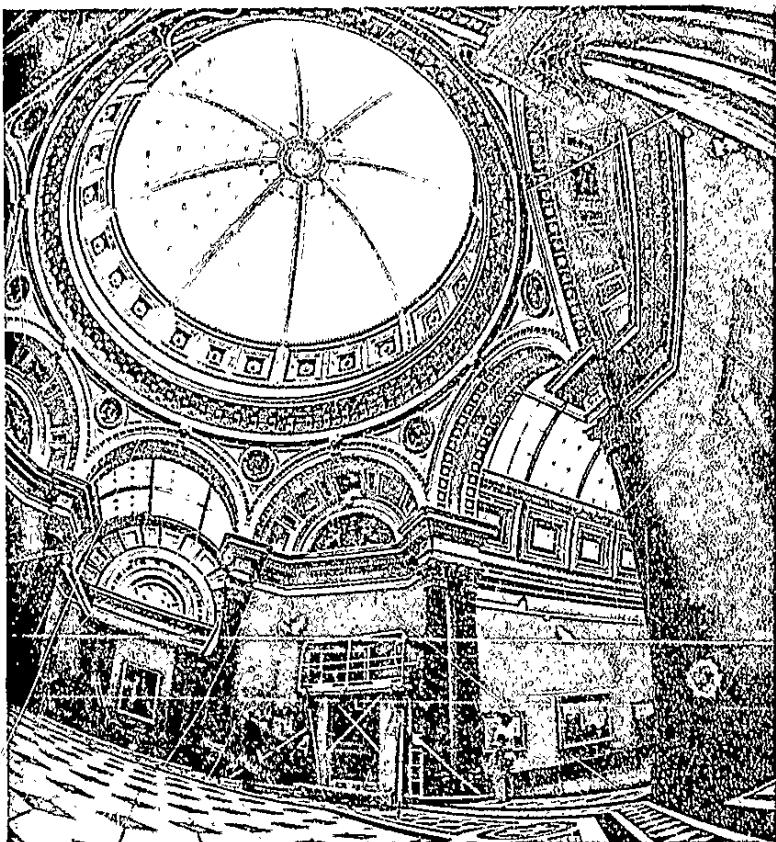
## Mechanical and Electrical



Sector chairman  
David Robson



**AMEC Power**  
Managing director: Mike Marlow  
**AMEC Utilities**  
Managing director: John Cull  
James Scott  
Managing director: David Barclay  
Matthew Hall  
Managing director: Clive Groom  
**AMEC Electrical and Mechanical Engineers (Hong Kong)**  
Managing director: David Hurten



Above:  
Maintenance work  
at the National  
Gallery, London  
Left: Mechanical  
and electrical work  
at Alban Gate in  
the City of London  
(Photograph by Martin  
Charles)



Overall, 1992 saw a good performance from this sector.

While the building services market continues to decline, volumes of work in heavy mechanical and electrical engineering have been well maintained and sector companies are looking at a range of new markets.

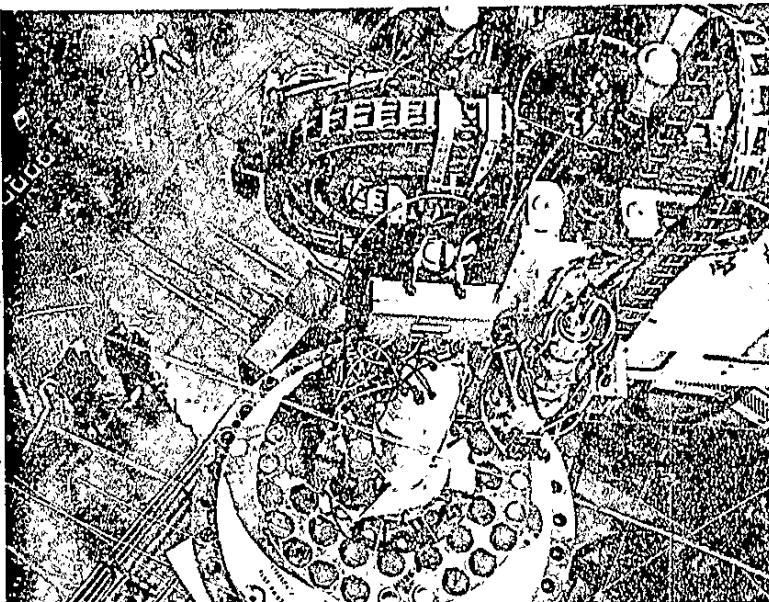
Matthew Hall continues to evolve a wider market role, building on its mechanical and electrical contracting base to develop a comprehensive service in consultancy, design, construction and project management.

With the decline in new commercial building, the current workload also features a successful shift of emphasis to the maintenance of building facilities. Several management contracts have been secured in this area.

Overseas, AMEC Electrical and Mechanical Engineers continues to carry out work in Hong Kong and mainland China.

The sector's heavier mechanical and electrical companies operated successfully during the year. James Scott's traditional skills in the oil and gas markets have been utilised in several joint ventures with the process and energy sector, both on and offshore. These include the £15 million Gannet 'A' platform for Shell, which was designed and procured by AMEC Engineering. The chemical and nuclear markets have also provided work opportunities such as those for British Nuclear Fuels at Sellafield and BP at Grangemouth.

In its first full year of operation AMEC Power has become a UK market leader in electricity transmission and distribution. Major contracts have been won from the National Grid and from regional electricity companies, reflecting this company's strong technical capability and its ability to offer a turnkey approach. These include a £22 million contract from Scottish Power for the refurbishment of overhead line and a turnkey substation contract for Midlands Electricity.



Above: THORP, Sellafield  
Left: AMEC Utilities' and Danby Ply's joint venture offers the patented Danby system for the repair of pipes and culverts

AMEC Power is participating in a growing number of internal joint ventures as well as external relationships with companies such as AEG and GEC. A recent joint venture with NORWEB, The Combined Heat and Power Company, will design, install, manage and arrange finance for combined heat and power schemes, whose cost and energy saving advantages are increasingly widely recognised.

The established reputation and relationships of the utilities business of Press Construction, allied to pioneering technical skills, enabled the company to maintain a strong

position in water and gas markets. A flow of new period contracts, won in the face of increasingly stiff competition, includes mains installation and replacement work for British Gas in Scotland, the north and the south west. Worth over £30 million this work is expected to last for up to four years. At the same time the company is building a strong base in newer markets such as cable television and work for British Telecom in Manchester. The business has now been renamed AMEC Utilities.

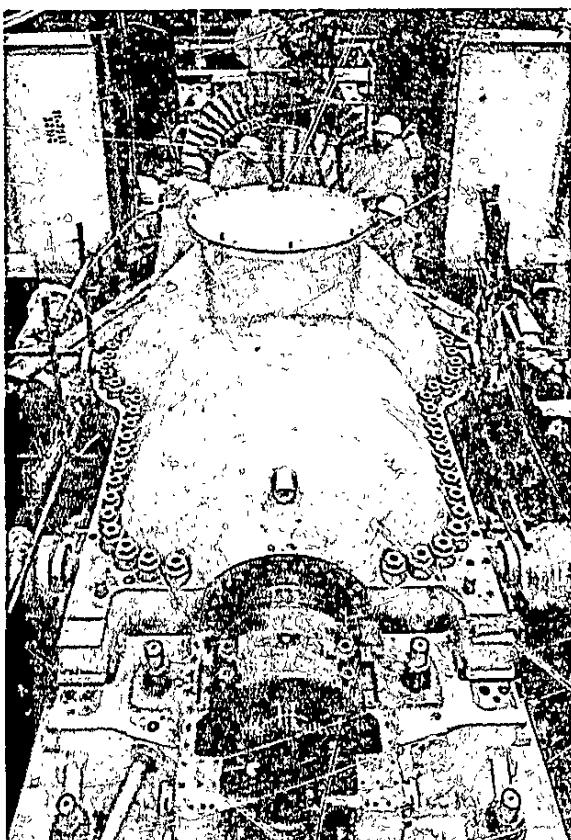
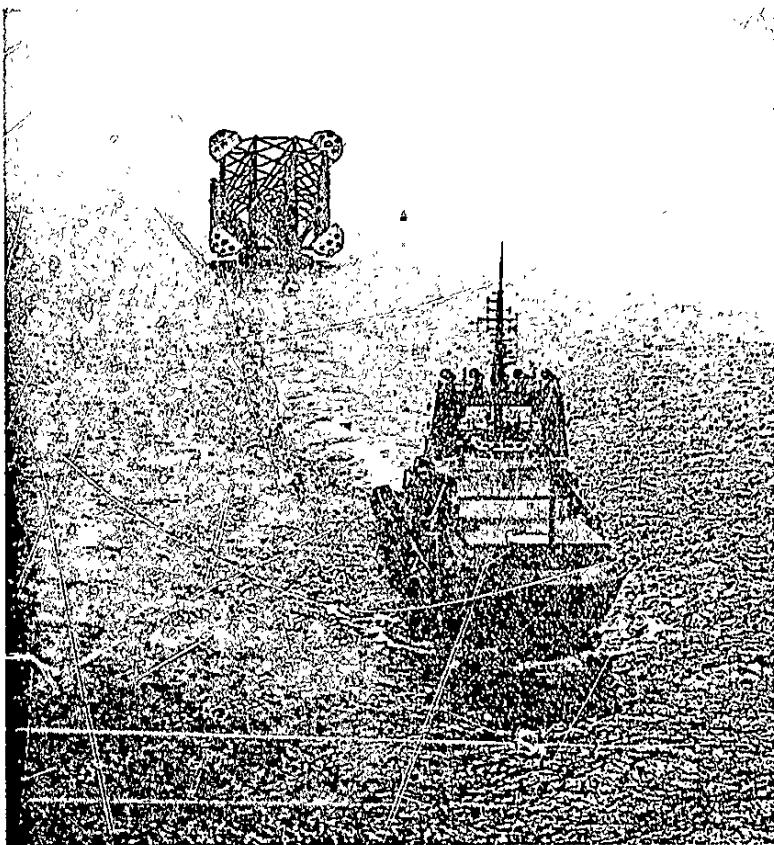
## Process and Energy



Sector chairman  
Dennis Clark OBE



**AMEC Process and Energy**  
Chairman: Dennis Clark  
**AMEC Engineering**  
Managing director: Maurice Bell  
**AMEC Offshore**  
Chairman: Tony Eckford  
**AMEC Offshore Developments**  
Managing director: Barry Hauxwell  
**AMEC Process and Energy International**  
Managing director: Barrie Logan  
**Press Construction**  
General manager: Peter Davies  
**AMEC Engineering Inc**  
President and chief executive officer:  
Barrie Logan  
**AMEC Engineering Nederland**  
Director and general manager:  
Bert Hermans



Above: The Tiffany platform en route to its position in the North Sea  
Left: Turbine installation for Powergen/Siemens at Killingholme CCGT power station - the first of its type in the UK

The performance of this sector was outstanding in 1992.

A record volume of work was undertaken for North Sea clients, with AMEC Engineering designing six offshore platforms during the year while over 50,000 tonnes of offshore platforms were fabricated on Tyneside.

The trend towards integrated design and construction for offshore platforms continues and sector companies are working together on several new contracts. New partnering arrangements have also been formed with a number of major clients, including the southern fields revamp project for Shell and the five year maintenance and refurbishment programme for Mobil.

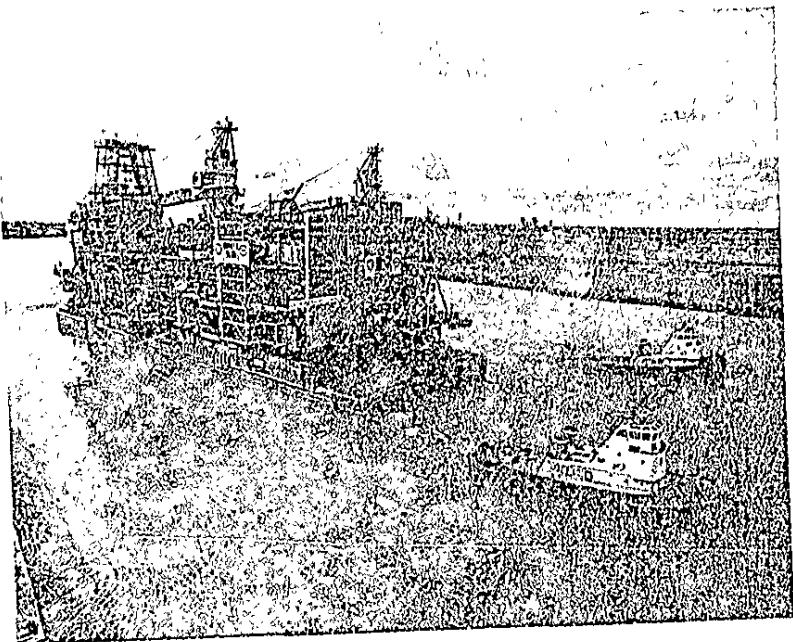
Progress on the Tiffany project for Agip UK has met all expectations. The completed platform was installed in the autumn of 1992 and work on the hook-up and commissioning phase is well under way.

As anticipated, the UK market for new offshore structures will reduce in 1993 and steps have been taken to balance this downturn with increasing involvement in other areas. A major fabrication order has already been won in the Norwegian sector of the North Sea. AMEC's offshore engineering service operations remain at a high level and this business area is targeted for further expansion in 1993 in both the UK and Norway.

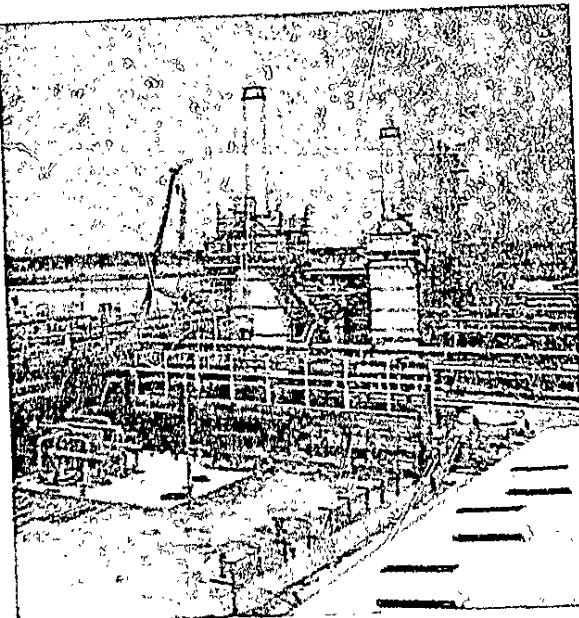
The further development of AMEC Engineering's onshore activities has been especially successful during the year. A number of design, procure and construct projects have been secured in the oil and gas sector utilising the full range of AMEC's integrated services.

In Holland, the engineering design business was significantly reorganised forging closer links with the sector's UK based engineering services.

Global oil and gas markets are on the threshold of major expansion and the technology developed



Above: The Gannet platform recently installed for Shell  
Expro  
Left:  
Press Construction carried out mechanical, piping, electrical and instrumentation works at the Pickerill gas terminal and for the CMS project at Theddlethorpe for Conoco (UK) Limited



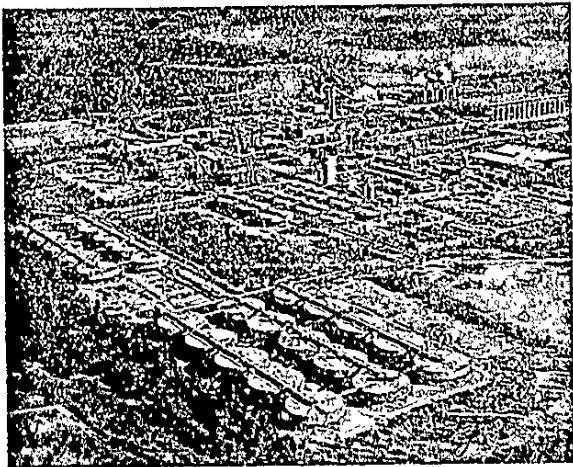
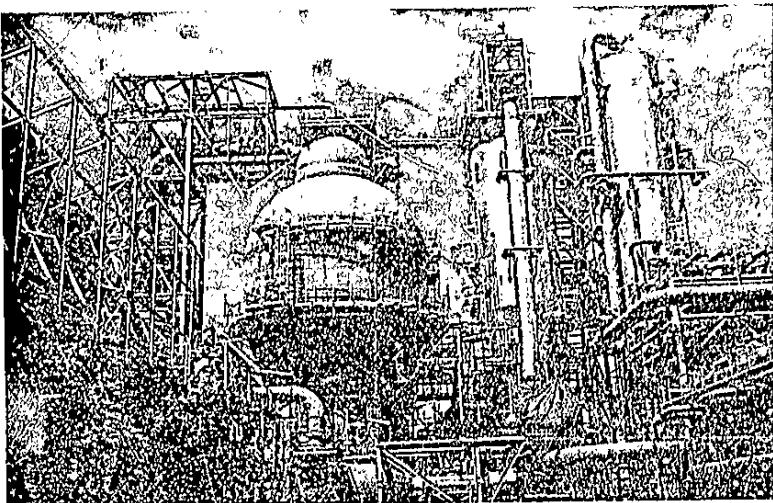
in the North Sea is in demand worldwide. With its unique breadth of capabilities, the sector is well placed to take advantage of this expansion and opportunities are currently under review in markets which include the Middle East and South America. In South East Asia existing partnerships will enable the region to be served through a network of fabrication and engineering facilities. At the same time, a key element has been added with the opening of the

sector's engineering office in Houston, which will undertake engineering design for a range of overseas projects.

Service to clients in wider markets has also been enhanced by the co-ordination in the sector of all AMEC's industrial engineering activities. The resulting comprehensive design to construction capability is already proving its value in the transport and environmental fields and in a range of industrial opportunities.



**AMEC Construction Pty**  
Chief executive: Mike Kersey  
Regional director: Ian Wallbank  
**Eastern region (trading as Matthew Hall)**  
Regional general manager: Ian Wallbank  
**Central region (trading as Mayfield)**  
Regional general manager: Keith Wildman  
**Western region (trading as Matthew Hall)**  
Regional general manager: Desmond Barrie  
**Press Construction**  
General manager: Ian Wallbank  
**AUST-AMEC — AMEC Technical Services**  
General manager: Arthur Harvey

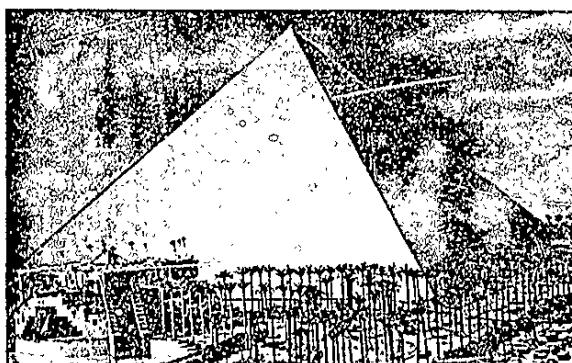
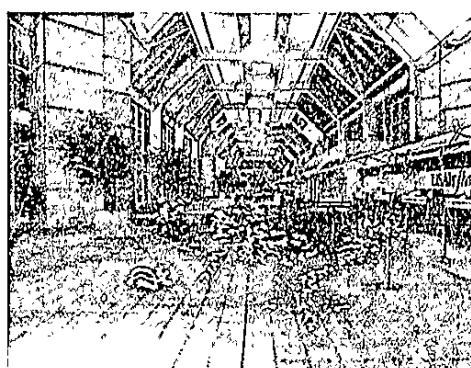
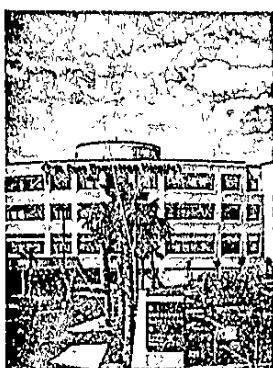


Above: Electrical installation at Shell's Geelong refinery  
Left: Alcoa's Pinjarra alumina refinery

Group activities were severely affected during the year by the depressed state of the Australian economy and the over supply of office space in the state capital cities. Despite the commercial downturn, opportunities continue for the use of AMEC's specialist skills.

The market for the provision of metallurgical services and non-destructive testing remains buoyant. Such services have been provided, under annual contracts, to Alcoa's alumina refineries in Western Australia and to Santos gas recovery and processing facilities in South Australia. New markets have been expanded and work has commenced on a three year contract with Sydney Electricity Authority for a range of inspection services. Machinery monitoring services are continuing in many Australian gold mines. In the industrial sector, the year saw

the completion of work on the topside modules for the Goodwyn 'A' offshore development project on the north west shelf. A turnkey contract for fuel storage facilities in the Northern Territory was successfully completed, as were projects for BHP at Haslings and Shell at Geelong, with work ongoing for General Motors Holden, Adelaide. During the year orders were secured for two major commercial developments in Sydney - the Governor Philip and the Governor Macquarie towers. In Perth, the Innaloo shopping centre opened on schedule and the refurbishment of the 11 storey police headquarters and the Australia tax office in Adelaide are nearing completion. The restructuring, which took place to tighten management control and improve the conduct of the business, will serve it well in the future.



Above: La Guardia  
Airport  
Above left: The  
Saint Rose  
Dominican Hospital  
Left: The Luxor  
Hotel, Las Vegas



Chief executive:  
David Beardmore

1992 saw a rationalisation of AMEC's strategy in the USA designed to take account of the continuing recession and changing market-place.

Operations are now focused in areas where the skills of group companies can be brought together to provide a more effective and comprehensive client service, both in the USA itself and more widely. At the same time, peripheral and non-performing activities continue to be wound down and sold.

While market conditions for Morse Diesel International have been difficult during the year, the strategy of entering new markets and creating alliances with other major contractors is proving successful. The business is also developing an increasingly close relationship with the construction sector in the United Kingdom, finding a growing range of opportunities to use its expertise in Europe.

Successes were achieved during the year in the food and pharmaceutical markets as well as in Morse Diesel's more traditional fields of healthcare and correctional work. Strategic alliances have produced new work such as a major stadium in Chicago

and the penetration of new markets in Texas and the south east. A company has also been established in Mexico which will provide construction services to major US inward investors, primarily in the food, pharmaceutical and other industrial sectors.

Fisk Electric has maintained its position as one of the leading electrical contractors in the USA. The company has achieved particular success by winning major projects in San Antonio and Las Vegas, where it is currently executing the electrical work for the MGM Grand Hotel casino and theme park and the spectacular Luxor development. A feature of the restructuring and consolidation process in 1992 was the name change of Barnard and Burk to AMEC Engineering and the relocation of its corporate office to Houston. In line with AMEC's overall international strategy, designed to achieve a closer integration between activities and to maximise added value potential, AMEC Engineering is now directly linked to the United Kingdom and Holland and can provide technology and engineering services to the oil and gas industry worldwide.

#### AMEC Holdings

Chief executive: David Beardmore

#### AMEC PATSON

Chief executive: Ian Paget

#### Fire Protection Industries

President: Aus Marburger

#### Fisk Electric Company

President: Wallace Brasuell

#### Morse Diesel International

Chairman and chief executive officer: Don Piser

#### Worsham Sprinkler

President: George Wagner

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

**Directors**

Sir Alan Cockshaw F Eng †  
J S Bateson  
Sir Oswald Davies CBE, DCM †  
C I Bateman  
R H Peet CBE †  
R Kisjes  
J D Early  
E Swainson CBE †  
D Clark OBE  
D Robson  
Sir John Nott KCB, PC †  
S G Batey

*Chairman*  
*Chief Executive*

**Secretary**  
M J Bardsley

**Auditors**  
KPMG Peat Marwick

**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**  
Sandiway House,  
Hartford,  
Northwich,  
Cheshire CW8 2YA

Registered in England  
No. 1675285

† Members of the audit and benefits committees of the board. The audit committee is chaired by Mr Swainson and the benefits committee by Mr Peet.

*Sir Oswald Davies, Mr R H Peet,  
Mr E Swainson and Sir John Nott are non-  
executive directors.*

*Sir Oswald Davies, age 72, was previously  
Chairman of Fairclough Construction  
Group p.l.c. and Chairman of AMEC p.l.c.  
from its formation through to 31 July 1984.*

*Mr Peet, age 67, joined the board on  
1 January 1984 and was previously Chief  
Executive of Legal and General Group p.l.c.*

*Mr Swainson, age 66, joined the board on  
20 July 1987 and was previously Managing  
Director of IMI p.l.c.*

*Sir John Nott, age 61, joined the board on  
1 January 1992 and was previously  
Chairman and Chief Executive of Lazard  
Brothers and Co. Prior to this he was  
Secretary of State for Trade from 1979 to  
1981 and Secretary of State for Defence  
from 1981 to 1983.*

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

The directors have pleasure in presenting the eleventh annual report and accounts being for the year ended 31 December 1992.

## Business Review

The business of the group is building and civil engineering, mechanical and electrical engineering, property development and housing. The group's activities are reviewed in the chairman's statement on pages 4 and 5 and in the operational review on pages 10 to 23.

The loss for the financial year amounting to £77.7 million is shown in the consolidated profit and loss account on page 28. The directors recommend that a final dividend of 1.0p per ordinary share be paid which, together with the interim dividend of 2.0p, makes a total ordinary dividend for the year of 3.0p. After ordinary dividends of £5.5 million and preference dividends of £11.3 million, a deficit of £94.5 million has been met by a transfer from reserves.

The final dividend will be payable on 1 July 1993 to ordinary shareholders on the register at the close of business on 7 May 1993.

The hydrographic and land information services subsidiary company, Inpark b.v., operating mainly in Holland, was sold in November 1992.

An analysis of the group's activities is given in note 2 on page 33.

## Share Capital

The present authorised and issued share capital of the company and movements during the year are set out in note 19 on pages 43 and 44. A resolution will be proposed at the 1993 annual general meeting to renew limited powers for the directors to allot the unissued share capital of the company and to issue shares for cash other than to existing shareholders.

The directors have no present intention of issuing any ordinary shares other than in respect of the conversion of preference shares, the exercise of share options and in lieu of cash dividends. No issue will be made which will effectively alter the control of the company without the prior approval of shareholders in general meeting.

In accordance with the provisions of the trust deed, the 15% unsecured loan stock 1992 was redeemed in full on 31 December 1992.

A resolution will be proposed at the annual general meeting to cancel the amount standing to the credit of the share premium account of the

company and to create a special reserve against which goodwill may be written off. The circular enclosed with the annual report outlines the proposals in more detail.

## Scrip Dividends

At the 1992 annual general meeting, resolutions were passed authorising the directors to offer to ordinary shareholders the right to elect to receive additional ordinary shares, credited as fully paid, in lieu of any cash dividend declared or proposed at that annual general meeting or thereafter through to the end of the 1996 annual general meeting.

The directors have resolved, subject to the approval of the recommended final dividend of 1.0p per share for 1992, to offer ordinary shareholders the opportunity to elect once again to receive new ordinary shares in lieu of cash for this dividend.

The number of ordinary shares to be allotted in respect of the final ordinary dividend for 1992 will be calculated by reference to the average quotation of the company's ordinary shares over the five days commencing on 26 April 1993 (the date on which they will be first quoted 'ex' the relevant dividend).

Holders of any convertible preference shares converted pursuant to conversion notices served on the company prior to 17 June 1993 will not be entitled to the final ordinary dividend to be declared in respect of the financial year ended 31 December 1992 but will, upon becoming registered as the holders of ordinary shares, thereafter be entitled to make elections to receive fully paid ordinary shares instead of cash for any future dividends where a scrip alternative is available.

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

# AMEC p.l.c.

## Report of the Directors

### Share Option Schemes

Under the rules of the AMEC Savings Related Share Option Scheme, employees may exercise their options on reaching the state pension age, even if they continue to work after that date. As the state pension age is different for men and women, the rules of the scheme could be seen to be discriminatory. The directors are therefore proposing an amendment which will allow employees to exercise their options on reaching either age 60 or age 65, even if they continue in employment. Resolution 7 of the annual general meeting will authorise the directors to make the necessary changes and a copy of the rules of the scheme in their proposed amended form will be available for inspection at the company's registered office from the date of the notice of the annual general meeting.

### Directors

The following were directors at 31 December 1992:

Sir Alan Cockshaw	Sir Oswald Davies
J S Bateson	C I Bateman
R H Peet	D Clark

R Kisjes  
J D Early  
E Swainson

D Robson  
Sir John Nott  
S G Batey

Mr S G Batey was appointed a director of the company on 12 June 1992 and, in accordance with article 91 of the articles of association of the company, will retire from office at the 1993 annual general meeting and, being eligible, offers himself for re-election. Mr Batey has a service contract with the company terminable by three years' notice.

Mr M A Hawe resigned as a director on 12 June 1992.

The directors retiring by rotation in accordance with article 85 of the articles of association of the company are Mr J S Bateson, Mr D Clark and Mr C I Bateman. Mr Bateson and Mr Clark, being eligible, offer themselves for re-election. Both have service contracts with the company terminable by three years' notice. Mr Bateman is to retire from employment with the group on 30 June 1993 and accordingly will not be seeking re-election.

The beneficial interests in the share capital of the company of the directors holding office at 31 December 1992 were as follows:

1 January 1992 or date of appointment if later	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
Sir Alan Cockshaw	41,100	-	369,767	-
J S Bateson	12,695	1,600	303,514	-
Sir Oswald Davies	69,482	-	-	2,574
C I Bateman	25,000	-	93,446	-
R H Peet	37,048	16,799	-	-
R Kisjes	1,431	600	186,460	-
J D Early	4,563	2,200	263,104	-
E Swainson	5,292	2,400	-	-
D Clark	1,328	-	165,707	2,282
D Robson	-	-	-	169,985
Sir John Nott	-	-	-	-
S G Batey	1,470	-	152,722	6,704
31 December 1992	Ordinary Shares	Preference Shares	Executive options*	SAYE options*
Sir Alan Cockshaw	41,173	-	459,767	-
J S Bateson	12,695	1,600	409,514	-
Sir Oswald Davies	119,482	-	-	2,574
C I Bateman	12,500	12,500	94,046	-
R H Peet	37,048	11,999	-	-
R Kisjes	1,472	600	195,460	-
J D Early	4,734	2,200	270,104	-
E Swainson	5,292	2,400	-	-
D Clark	1,416	-	318,707	2,282
D Robson	-	-	-	169,985
Sir John Nott	3,000	-	-	-
S G Batey	1,470	-	152,722	6,704

\*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.

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

No director at 31 December 1992 had any other interests, beneficial or otherwise, in the share capital or the unsecured floating rate loan notes of the company.

Mr Bateman's SAYE options expired on 31 January 1993.

There were no other changes in the directors' interests in the share capital and loan notes of the company between 31 December 1992 and 24 March 1993.

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

## Substantial Interests

The directors have been notified of the undermentioned interests comprising 3% or more of the ordinary share capital of the company as at 24 March 1993.

HSBC Holdings plc 8,727,991 shares 4.32%

Schroder Investment Management Limited 7,728,686 shares 3.83%

A.M.P. Asset Management plc 6,811,131 shares 3.39%

BBC Pension Trust Limited 6,653,925 shares 3.30%

Norwich Union Fund Managers Ltd 6,558,265 shares 3.25%

Midland Bank p.l.c. 6,507,510 shares 3.24%

The directors have also been notified of the undermentioned interest in the preference share capital of the company as at 24 March 1993.

Prudential Corporation Group of Companies 6,004,896 shares 3.42%

The directors have also been notified of an interest in 6,425,732 ordinary shares (3.17%) held by Co-operative Insurance Society Limited; this interest having been calculated by notionally converting their holding of preference shares at the applicable conversion rate and adding the resulting figure to their holding of ordinary shares. Neither holding at the time of the declaration represented a notifiable interest in either class of shares.

## Employees

In 1992, AMEC employed on average 27,171 people worldwide. Details are given in note 5 on page 35.

Further share options were granted in 1992 under the rules of the AMEC Savings Related Share Option Scheme, in accordance with AMEC's declared objective of increasing employee awareness, participation and interest in the business of the group.

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

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

## Donations

Charitable donations for the year amounted to £118,000. Charitable donations amounting to £39,350 in the year were also made by the AMEC Charitable Trust.

## Status for Taxation

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

## Directors' and Officers' Liability Insurance

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

## Auditors

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

By order of the board  
M J Bardsey  
Secretary, 24 March 1993

Note: There were no changes in either the directors' interests or in the substantial interests in the share capital of the company between 26 March 1993 and 20 April 1993.

**AMEC p.l.c.**  
**Consolidated Profit**  
**and Loss Account**

For the year ended  
 31 December 1992

	Note	1992 £ million	1991 £ million
Turnover	2	2,121.7	2,338.2
Cost of sales		1,974.2	2,157.2
<b>Gross Profit</b>		<b>147.5</b>	<b>181.0</b>
Administrative expenses		122.4	127.8
<b>Operating Profit</b>	3	<b>25.1</b>	<b>53.2</b>
Share of results of associated undertakings		(0.8)	(0.5)
Net interest receivable	6	2.8	3.6
<b>Profit before Exceptional Items</b>		<b>27.1</b>	<b>56.3</b>
Exceptional items	7	(114.6)	(69.4)
<b>Loss on Ordinary Activities before Taxation</b>		<b>(87.5)</b>	<b>(13.1)</b>
Taxation on loss on ordinary activities	8	9.8	0.3
<b>Loss on Ordinary Activities after Taxation</b>		<b>(77.7)</b>	<b>(12.8)</b>
Dividends	9	16.8	31.3
<b>Transferred from Reserves</b>	10	<b>(94.5)</b>	<b>(44.1)</b>
Earnings per Ordinary Share before Exceptional Items	11		
Undiluted		<u>3.7p</u>	<u>14.5p</u>
Diluted		<u>6.8p</u>	<u>14.1p</u>
Loss per Ordinary Share after Exceptional Items	11		
Undiluted		<u>(44.1p)</u>	<u>(13.5p)</u>
Diluted		<u>(25.2p)</u>	<u>(4.2p)</u>
Dividends per Ordinary Share	9	<u>3.0p</u>	<u>10.25p</u>

The notes on pages 32 to 48 form part of these accounts.

AMEC p.l.c.  
Consolidated  
Balance Sheet

At 31 December 1992

	Note	1992 £ million	1992 £ million	1991 £ million	1991 £ million
<b>Fixed Assets</b>					
Tangible assets	12		156.6		159.7
Investments	13		18.0		43.2
			<u>174.6</u>		<u>202.9</u>
<b>Current Assets</b>					
Stocks	14	170.1		220.9	
Debtors	15	594.6		598.3	
Cash at bank and in hand		122.3		149.0	
		<u>887.0</u>		<u>968.2</u>	
Creditors: due within one year	16	<u>717.6</u>		<u>719.2</u>	
<b>Net Current Assets</b>			<u>169.4</u>		<u>249.0</u>
<b>Total Assets less Current Liabilities</b>			<u>344.0</u>		<u>451.9</u>
<b>Creditors: due after one year</b>	17		101.8		101.4
			<u>242.2</u>		<u>350.5</u>
<b>Capital and Reserves</b>					
Called up share capital	19		187.3		186.9
Reserves	20		54.9		163.6
Shareholders' Funds			<u>242.2</u>		<u>350.5</u>

Approved by the board of directors on 24 March 1993

Sir Alan Cockshaw, director

S G Batey, director

The notes on pages 32 to 48 form part of these accounts.

## AMEC p.l.c.

Company

## Balance Sheet

At 31 December 1992

	Note	1992 £ million	1992 £ million	1991 £ million	1991 £ million
<b>Fixed Assets</b>					
Tangible assets	12		6.2		6.7
Investments in subsidiary undertakings	13		390.9		330.6
Other investments	13		8.6		23.0
			405.7		360.3
<b>Current Assets</b>					
Debtors	15	14.5		17.9	
Cash at bank and in hand		75.8		152.9	
		90.3		170.8	
Creditors: due within one year	16	44.1		51.0	
<b>Net Current Assets</b>			46.2		119.8
<b>Total Assets less Current Liabilities</b>			451.9		480.1
Creditors: due after one year	17		67.2		50.4
			384.7		429.7
<b>Capital and Reserves</b>					
Called up share capital	19		187.3		186.9
Reserves	20		197.4		242.8
<b>Shareholders' Funds</b>			384.7		429.7

Approved by the board of directors on 24 March 1993

Sir Alan Cockshaw, director

S G Batey, director

Sir A. Cockshaw  
S G Batey

The notes on pages 32 to 48 form part of these accounts.

AMEC p.l.c.  
Consolidated Cash  
Flow Statement

For the year ended  
31 December 1992

	Note	1992 £ million	1992 £ million	1991 £ million	1991 £ million
<b>Net Cash Inflow from Operating Activities</b>	21		<b>11.7</b>		<b>69.5</b>
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		<b>11.2</b>		<b>13.9</b>	
Interest paid		(7.4)		(10.5)	
Dividends received from associated undertakings and investments		<b>3.3</b>		<b>1.5</b>	
Dividends paid		(27.3)		(27.7)	
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>			<b>(20.2)</b>		<b>(22.8)</b>
<b>Total Tax Paid</b>			<b>(1.4)</b>		<b>(28.0)</b>
<b>Investing Activities</b>					
Purchase of tangible fixed assets		(33.1)		(36.2)	
Purchase of subsidiary undertakings		-		(10.8)	
Purchase of associated undertakings		(1.3)		(17.0)	
Purchase of short-term investments		(18.0)		(14.0)	
Disposal of fixed assets		8.9		13.1	
Disposal of group undertakings		2.8		(1.4)	
Disposal of short-term investments		<b>14.0</b>		<b>12.1</b>	
<b>Net Cash Outflow from Investing Activities</b>			<b>(26.7)</b>		<b>(54.2)</b>
<b>Net Cash Outflow before Financing</b>			<b>(36.6)</b>		<b>(35.5)</b>
<b>Financing</b>					
Issue of ordinary share capital		0.3		<b>112.0</b>	
Proceeds of long-term borrowings		<b>22.9</b>		<b>14.1</b>	
Repayment of long-term borrowings		(20.2)		(28.0)	
<b>Net Cash Inflow from Financing</b>	22		<b>3.0</b>		<b>98.1</b>
<b>(Decrease)/Increase in Cash and Cash Equivalents</b>	23		<b>(33.6)</b>		<b>62.6</b>

# AMEC p.l.c.

## Notes to the Accounts

### 1 Accounting Policies

#### Basis of Presentation

##### Accounting convention

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

#### Basis of consolidation

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

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

#### Turnover

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

#### Stocks

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

#### Long-Term Contracts

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

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

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### Research and Development

Research and development expenditure is written off as incurred.

#### Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at average rates for the year. Exchange differences arising on the retranslation of foreign currency net investments are taken directly to reserves. Other exchange differences are taken to the profit and loss account in the year.

#### Goodwill

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

#### Depreciation

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

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

#### Pensions

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

AMEC p.l.c.  
Notes to the  
Accounts

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

	Turnover 1992 £ million	Turnover 1991 £ million	Profit (Loss) 1992 £ million	Profit (Loss) 1991 £ million	Assets employed 1992 £ million	Assets employed 1991 £ million
<b>By class of business:</b>						
Building and civil engineering	674.7	771.6	22.8	26.5	11.0	6.4
Mechanical and electrical engineering	1,361.9	1,407.4	18.6	36.3	83.9	89.2
Property development and housing	109.1	194.0	(17.1)	(10.1)	176.2	234.6
	<b>2,145.7</b>	<b>2,373.0</b>	<b>24.3</b>	<b>52.7</b>	<b>271.1</b>	<b>330.2</b>
Internal trading	(24.0)	(34.8)	-	-	-	-
Exceptional items	-	-	(114.6)	(69.4)	-	-
Net interest	-	-	2.8	3.6	-	-
Unallocated net (liabilities) assets	-	-	-	-	(28.9)	20.3
	<b>2,121.7</b>	<b>2,338.2</b>	<b>(87.5)</b>	<b>(13.1)</b>	<b>242.2</b>	<b>350.5</b>
<b>By geographical area:</b>						
United Kingdom	1,838.4	2,056.1	38.0	51.6	220.8	252.4
Europe	106.0	73.1	3.2	1.4	17.8	38.6
Americas	117.6	108.0	(2.6)	(3.0)	31.3	26.9
Middle East, Asia and Australasia	83.7	135.8	(14.3)	2.7	1.2	12.3
	<b>2,145.7</b>	<b>2,373.0</b>	<b>24.3</b>	<b>52.7</b>	<b>271.1</b>	<b>330.2</b>
Internal trading	(24.0)	(34.8)	-	-	-	-
Exceptional items	-	-	(114.6)	(69.4)	-	-
Net interest	-	-	2.8	3.6	-	-
Unallocated net (liabilities) assets	-	-	-	-	(28.9)	20.3
	<b>2,121.7</b>	<b>2,338.2</b>	<b>(87.5)</b>	<b>(13.1)</b>	<b>242.2</b>	<b>350.5</b>

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

**3 Operating Profit**

	<i>1992</i> <i>£ million</i>	<i>1991</i> <i>£ million</i>
Operating profit is stated after charging:		
Depreciation	28.9	29.4
Hire of plant and equipment	46.7	44.9
Property lease rentals	16.5	14.3
Auditors' remuneration - audit fees	0.8	0.8
- other fees	0.6	0.4

**4 Directors' Remuneration**

	<i>1992</i> <i>£ million</i>	<i>1991</i> <i>£ million</i>
Emoluments including pension contributions	1.4	1.3

The emoluments (excluding pension contributions) of the chairman amounted to £231,104 (1991 - £205,564).

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

£	Number	Number
5,001 - 10,000	-	1
15,001 - 20,000	3	4
20,001 - 25,000	1	-
35,001 - 40,000	1	-
50,001 - 55,000	1	1
55,001 - 60,000	-	1
75,001 - 80,000	-	1
90,001 - 95,000	-	1
100,001 - 105,000	1	1
110,001 - 115,000	1	-
130,001 - 135,000	-	1
135,001 - 140,000	2	-
140,001 - 145,000	1	-
155,001 - 160,000	-	1
205,001 - 210,000	-	2
215,001 - 220,000	1	-
230,001 - 235,000	1	-

AMEC p.l.c.  
Notes to the  
Accounts

**5 Staff Costs**

	<i>1992</i> £ million	<i>1991</i> £ million
Wages and salaries	566.7	553.9
Social security costs	52.4	49.9
Other pension costs	17.3	18.5
	<b>636.4</b>	<b>622.3</b>

The average number of persons employed during the year was:	<i>Number</i>	<i>Number</i>
Building and civil engineering	6,429	7,637
Mechanical and electrical engineering	20,204	21,755
Property development and housing	538	664
	<b>27,171</b>	<b>30,056</b>

**6 Net Interest Receivable**

	<i>1992</i> £ million	<i>1991</i> £ million
Interest and similar income receivable:		
Bank and short-term deposits	6.6	10.5
Associated undertakings	2.1	1.7
Other	3.3	1.6
Interest payable:		
On loans wholly repayable within five years:		
- not by instalments	(9.0)	(9.9)
- by instalments	(0.1)	(0.2)
On loans repayable in more than five years	-	(0.1)
On finance leases	(0.1)	-
	<b>2.8</b>	<b>3.6</b>

AMEC p.l.c.  
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**7 Exceptional Items**

	1992 £ million	1991 £ million
Property development and housing - write down of value of land and work in progress	63.0	60.0
Construction - Trafalgar Place, Brighton - contract loss	15.9	-
Losses relating to investment in Power Corporation Plc	18.0	-
Closure and reorganisation costs	17.7	9.4
	<b>114.6</b>	<b>69.4</b>
Analysis by class of business:		
Building and civil engineering	20.7	2.5
Mechanical and electrical engineering	12.7	5.6
Property development and housing	81.2	61.3
	<b>114.6</b>	<b>69.4</b>
Analysis by geographical area:		
United Kingdom	88.3	66.3
Rest of Europe	20.0	-
Americas	0.8	(0.5)
Middle East, Asia and Australasia	5.5	3.6
	<b>114.6</b>	<b>69.4</b>

**8 Taxation on Loss on Ordinary Activities**

	1992 £ million	1991 £ million
The taxation credit is made up as follows:		
Based on the result for the year:		
Corporation tax	6.2	(0.5)
Double taxation relief	-	0.5
Surplus advance corporation tax written off	(1.6)	-
	<b>4.6</b>	<b>-</b>
Overseas taxation	(0.7)	(1.0)
	<b>3.9</b>	<b>(1.0)</b>
Taxation over provided in previous years	6.7	1.5
Associated undertakings	(0.8)	(0.2)
	<b>9.8</b>	<b>0.3</b>

Taxation for the year has been provided at the rate of 33.0% (1991 - 33.25%).

AMEC p.l.c.  
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### 9 Dividends

	1992 pence per share	1991 pence per share	1992 £ million	1991 £ million
Ordinary shares:				
Interim	<u>2.00</u>	<u>4.00</u>	<u>4.1</u>	<u>8.0</u>
Final proposed	<u>1.00</u>	<u>6.25</u>	<u>2.0</u>	<u>12.6</u>
Adjustment for ordinary shares allotted in respect of scrip dividend alternative			<u>(0.6)</u>	<u>(0.6)</u>
	<u>3.00</u>	<u>10.25</u>	<u>5.5</u>	<u>20.0</u>
Convertible redeemable preference shares			<u>11.3</u>	<u>11.3</u>
			<u>16.8</u>	<u>31.3</u>

### 10 Transfer from Reserves

	1992 £ million	1991 £ million
Dealt with in the accounts of AMEC p.l.c.	<u>42.7</u>	<u>38.6</u>
Dealt with in the accounts of subsidiary undertakings	<u>51.8</u>	<u>5.5</u>
	<u>94.5</u>	<u>44.1</u>

### 11 Earnings per Ordinary Share

The calculation of undiluted earnings per ordinary share, before exceptional items, is based on earnings of £7.5 million (1991 - £26.1 million) and, after exceptional items, on losses of £89.0 million (1991 - £24.2 million) and, in both cases, on 201,628,191 (1991 - 179,562,410) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share, before exceptional items, is based on adjusted earnings of £20.5 million (1991 - £38.7 million) and, after exceptional items, on adjusted losses of £76.0 million (1991 - £11.6 million) and, in both cases, on 301,460,915 (1991 - 274,939,942) ordinary shares which allows for conversion of all the convertible redeemable preference shares in issue and the allotment of ordinary shares under employee share option schemes.

AMEC p.l.c.  
Notes to the  
Accounts

**12 Tangible Assets**

Group:	Land and buildings £ million	Plant and equipment £ million	Total £ million
Cost or valuation:			
At 1 January 1992	93.0	197.9	290.9
Additions and transfers	7.3	26.2	33.5
Disposals and transfers	(3.3)	(26.2)	(29.5)
Exchange and other movements	1.5	3.6	5.1
At 31 December 1992	98.5	201.5	300.0
Depreciation:			
At 1 January 1992	6.8	124.4	131.2
Provided during the year	1.8	27.1	28.9
Disposals and transfers	(1.5)	(19.0)	(20.5)
Exchange and other movements	0.6	3.2	3.8
At 31 December 1992	7.7	135.7	143.4
Net book value:			
At 31 December 1992	90.8	65.8	156.6
At 31 December 1991	86.2	73.5	159.7
Company:	Land and buildings £ million	Plant and equipment £ million	Total £ million
Cost or valuation:			
At 1 January 1992	6.4	1.8	8.2
Additions and transfers	-	0.2	0.2
Disposals and transfers	(0.1)	-	(0.1)
Other movements	(0.2)	-	(0.2)
At 31 December 1992	6.1	2.0	8.1
Depreciation:			
At 1 January 1992	0.3	1.2	1.5
Provided during the year	0.1	0.3	0.4
At 31 December 1992	0.4	1.5	1.9
Net book value:			
At 31 December 1992	5.7	0.5	6.2
At 31 December 1991	6.1	0.6	6.7

AMEC p.l.c.  
Notes to the  
Accounts

**12 Tangible Assets (continued)**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
The net book value of land and buildings comprises:				
Freehold	82.5	77.6	5.0	5.3
Long leasehold	6.0	6.1	0.3	0.3
Short leasehold	2.3	2.5	0.4	0.5
	<b>90.8</b>	<b>86.2</b>	<b>5.7</b>	<b>6.1</b>

Land and buildings are stated at:

Valuation 1988	2.0	2.0	-	-
Valuation 1989	61.0	62.3	5.8	6.1
Cost	35.5	28.7	0.3	0.3
	<b>98.5</b>	<b>93.0</b>	<b>6.1</b>	<b>6.4</b>

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

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

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
Cost	<b>53.7</b>	<b>54.4</b>	<b>5.7</b>	<b>5.8</b>
Depreciation	<b>12.0</b>	<b>10.7</b>	<b>0.4</b>	<b>0.4</b>
Net book value	<b>41.7</b>	<b>43.7</b>	<b>5.3</b>	<b>5.4</b>

Fixed assets not depreciated:

Land	30.3	28.5	2.1	2.4
Investment properties	13.1	11.9	-	-
Assets in the course of construction	1.1	3.7	-	-
	<b>44.5</b>	<b>44.1</b>	<b>2.1</b>	<b>2.4</b>

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# AMEC p.l.c.

## Notes to the Accounts

### 13 Investments (held as fixed assets)

	Company 1992 £ million	Company 1991 £ million
<b>Investments in subsidiary undertakings</b>		
Shares at valuation - as previously stated	422.7	324.8
Change in accounting policy	-	70.4
As restated	422.7	395.2
Amounts owed by subsidiary undertakings	337.7	257.1
Amounts owed to subsidiary undertakings	(369.5)	(321.7)
	<b>390.9</b>	<b>330.6</b>

Investments in subsidiary undertakings are stated at cost less amounts written off. This represents a change in accounting policy from that adopted in prior years when such investments were stated at attributable net asset value. The effect of the change is shown above and in note 20 on page 45.

	Group Associated undertakings £ million	Group Other investments £ million	Company Associated undertakings £ million	Company Other investments £ million
<b>Other investments</b>				
Net book value at 1 January 1992	35.5	7.7	22.7	0.3
Additions and transfers	1.2	0.1	0.6	-
Disposals and transfers	(0.1)	-	(0.1)	-
Goodwill on acquisition	(8.1)	-	-	-
Net movement in share of reserves	(18.3)	-	(14.9)	-
<b>Net book value at 31 December 1992</b>	<b>10.2</b>	<b>7.8</b>	<b>8.3</b>	<b>0.3</b>
<b>Represented by:</b>				
Shares at cost less amounts written off	32.6	7.8	20.7	0.3
Share of post acquisition reserves	(22.4)	-	(12.4)	-
	<b>10.2</b>	<b>7.8</b>	<b>8.3</b>	<b>0.3</b>

#### Investments listed on a United Kingdom

#### Stock Exchange:

Cost plus share of post acquisition  
reserves

Market value

6.4	7.7	6.4	0.3
3.4	4.8	3.4	0.3

Principal group undertakings are listed on pages 51 to 53.

AMEC p.l.c.  
Notes to the  
Accounts

**14 Stocks**

	Group 1992 £ million	Group 1991 £ million
Property development land and work in progress	147.6	199.0
Raw materials and consumables	12.3	11.7
Other work in progress	3.3	3.8
Finished goods and goods for resale	6.9	6.4
	<b>170.1</b>	<b>220.9</b>

**15 Debtors**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
<b>Due within one year:</b>				
Amounts recoverable on contracts	218.3	198.6	-	-
Trade debtors	236.8	271.3	-	-
Amounts owed by subsidiary undertakings	-	-	4.9	11.8
Amounts owed by associated undertakings	45.9	32.6	-	-
Other debtors	18.2	10.8	8.4	1.0
Prepayments and accrued income	9.6	10.9	1.2	0.9
	<b>528.8</b>	<b>524.2</b>	<b>14.5</b>	<b>13.7</b>
<b>Due after one year:</b>				
Amounts recoverable on contracts	8.3	4.0	-	-
Trade debtors	39.1	57.1	-	-
Amounts owed by associated undertakings	18.0	8.0	-	-
Other debtors	0.4	5.0	-	4.2
	<b>594.6</b>	<b>598.3</b>	<b>14.5</b>	<b>17.9</b>

**16 Creditors: due within one year**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
Bank loans and overdrafts	16.6	13.0	0.1	-
Loan stock 1992	-	6.5	-	6.5
Trade creditors	484.8	436.9	35.0	2.5
Payments on account	53.6	93.2	-	-
Amounts owed to subsidiary undertakings	-	-	-	4.5
Amounts owed to associated undertakings	18.6	5.9	-	-
Corporation tax	0.6	9.9	-	9.4
Other taxation and social security costs	29.3	37.1	0.7	8.4
Other creditors	42.2	32.2	1.0	0.9
Accruals and deferred income	68.0	70.1	3.4	4.4
Dividends	3.9	14.4	3.9	14.4
	<b>717.6</b>	<b>719.2</b>	<b>44.1</b>	<b>51.0</b>

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

AMEC p.l.c.  
Notes to the  
Accounts

**17 Creditors: due after one year**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
Loans repayable:				
- between one and two years	63.8	0.8	63.1	-
- between two and five years	5.4	52.0	4.1	50.4
	69.2	52.8	67.2	50.4
Trade creditors	31.1	34.2	-	-
Payments on account	1.5	1.5	-	-
Amount owed to an associated undertaking	-	12.9	-	-
	101.8	101.4	67.2	50.4
Loans are denominated in:				
Pounds sterling	24.7	14.8	24.7	14.8
US dollars	25.0	23.9	23.1	22.0
Other overseas currencies	19.5	14.1	19.4	13.6
	69.2	52.8	67.2	50.4

Interest payments on all loans vary with market rates. At 31 December 1992 the average rate payable on all loans was 6.06% (1991 - 8.81%).

Loans amounting to £67.1 million mature within one year (1991 - £50.3 million). They represent advances against facilities available to the company until at least December 1994 under which such loans may be refinanced on a continuing basis.

**18 Provision for Liabilities and Charges**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
Deferred taxation:				
Accelerated capital allowances	0.1	1.9	0.1	2.0
Other timing differences	(0.1)	(1.9)	(0.1)	(2.0)
Provided in accounts	-	-	-	-

There is no unprovided deferred taxation liability.

AMEC p.l.c.  
Notes to the  
Accounts

## 19 Share Capital

The authorised share capital of the company is £250.0 million (1991 - £250.0 million).

	1992 £ million	1991 £ million
Allotted, called up and fully paid:		
Ordinary shares of 50p each	100.9	100.5
6.5p (net) cumulative convertible redeemable preference shares of 50p each	<u>86.4</u>	<u>86.4</u>
	<u>187.3</u>	<u>186.9</u>

Movements in share capital during the year:

	Ordinary shares Number	Ordinary shares £ million	Preference shares Number	Preference shares £ million
At 1 January 1992	<u>201,037,926</u>	<u>100.5</u>	<u>172,800,767</u>	<u>86.4</u>
Conversion of preference shares to ordinary shares:				
29 June 1992	9,199	-	(18,860)	-
3 December 1992	<u>5,046</u>	<u>-</u>	<u>(10,345)</u>	<u>-</u>
Scrip dividends:				
29 June 1992	237,902	0.1	-	-
14 December 1992	<u>312,247</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Exercise of share options:				
Savings related schemes	205,657	0.1	-	-
Executive schemes	<u>70,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1992	<u>201,878,101</u>	<u>100.9</u>	<u>172,771,562</u>	<u>86.4</u>

### Conversion and redemption of preference shares

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

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

AMEC p.l.c.  
Notes to the  
Accounts

**19 Share Capital (continued)**

**Share options**

In 1992 share options were granted in respect of 4,153,544 ordinary shares under the AMEC Savings Related Share Option Scheme and in respect of 1,991,100 ordinary shares under the AMEC Executive Share Option Scheme.

At 31 December 1992 share options were outstanding as follows:

	Option price per share	Number of shares
<b>Savings Related Share Option Schemes</b>		
Normally exercisable in the period between:		
March 1994 and August 1994	136.53p	646,688
August 1992 and January 1993	143.68p	178,180
August 1993 and January 1994	165.71p	313,828
September 1994 and February 1995	200.19p	450,183
September 1995 and February 1996	173.37p	575,399
September 1996 and February 1997	188.00p	1,901,136
September 1997 and February 1998	139.00p	3,805,762

**Executive Share Option Schemes**

Normally exercisable in the period between:

September 1988 and September 1995	111.11p	136,898
April 1989 and April 1996	131.23p	266,832
July 1989 and July 1996	145.99p	172,713
April 1990 and April 1997	159.00p	752,833
October 1990 and October 1997	241.56p	171,375
April 1991 and April 1998	183.91p	970,856
May 1991 and May 1998	160.69p	37,608
August 1991 and August 1998	174.33p	99,180
May 1992 and May 1999	222.22p	475,020
May 1993 and May 2000	185.34p	125,280
May 1994 and May 2001	218.00p	2,483,945
May 1995 and May 2002	160.00p	1,991,100

Currently there are 2,624 participants in the Savings Related Schemes and 202 participants in the Executive Schemes.

During the year 205,657 shares were allotted under the provisions of the Savings Related Schemes at varying prices from 118.3p to 143.68p and for a total consideration of £276,770.

In addition, 70,124 shares were allotted during the year under the provisions of the Executive Schemes at varying prices from 111.11p to 159p and for a total consideration of £82,406.

AMEC p.l.c.  
Notes to the  
Accounts

## 20 Reserves

Group:	Share premium account £ million	Revaluation reserve £ million	Goodwill reserve £ million	Profit and loss account £ million	Total reserves £ million
At 1 January 1992	129.0	17.6	-	17.0	163.6
Retained loss	-	-	-	(94.5)	(94.5)
Shares issued	(0.1)	-	-	-	(0.1)
Goodwill on consolidation	-	-	-	(8.4)	(8.4)
Reclassification	-	-	(106.7)	106.7	-
Exchange and other movements	-	(0.7)	-	(5.0)	(5.7)
At 31 December 1992	128.9	16.9	(106.7)	15.8	54.9

The company proposes, with the approval of shareholders and confirmation by the High Court, to transfer the balance on the share premium account to a special reserve against which existing and future goodwill may be charged.

Cumulative goodwill on acquisitions, after merger relief of £52.9 million (1991 - £52.9 million) written off to group reserves amounted to £106.7 million (1991 - £98.3 million).

Company:	Share premium account £ million	Revaluation reserve £ million	Profit and loss account £ million	Total reserves £ million
At 1 January 1992 - as previously stated	129.0	17.6	25.8	172.4
Change in accounting policy - note 13 on page 40.	-	(17.1)	87.5	70.4
As restated	129.0	0.5	113.3	242.8
Retained loss	-	-	(42.7)	(42.7)
Shares issued	(0.1)	-	-	(0.1)
Exchange and other movements	-	(0.2)	(2.4)	(2.6)
At 31 December 1992	128.9	0.3	68.2	197.4

## 21 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	1992 £ million	1991 £ million
Operating profit	25.1	53.2
Depreciation of fixed assets	28.9	29.4
	54.0	82.6
Exceptional items	(114.6)	(69.4)
Other items	13.0	1.0
Decrease in stocks	50.8	21.4
Decrease (increase) in debtors	3.2	(56.0)
Increase in creditors	5.3	89.9
Net cash inflow from operating activities	11.7	69.5

AMEC p.l.c.  
Notes to the  
Accounts

**22 Analysis of Changes in Financing During the Year**

	Share capital £ million	Share premium £ million	Borrowings £ million
At 1 January 1991	157.9	46.0	78.6
Shares issued for cash	29.0	83.0	-
Cash outflow from financing	-	-	(13.9)
Exchange and other movements	-	-	2.2
At 31 December 1991	186.9	129.0	66.9
Shares issued for cash	0.4	(0.1)	-
Cash inflow from financing	-	-	2.7
Exchange and other movements	-	-	8.5
At 31 December 1992	187.3	128.9	78.1
 Borrowings include:	     	     	     
Loans repayable after more than one year		69.2	52.8
Loans repayable within one year where the original maturity date exceeded 3 months		7.5	12.6
Finance leases		1.4	1.5
		78.1	66.9

**23 Analysis of Changes in Cash and Cash Equivalents**

	Short-term investments £ million	Cash Overdrafts £ million	Net cash and cash equivalents £ million
At 1 January 1991	12.1	71.0	(5.3) 65.7
Net cash inflow (outflow)	1.9	64.0	(1.4) 62.6
Exchange and other movements	-	-	(0.2) (0.2)
At 31 December 1991	14.0	135.0	(6.9) 128.1
Net cash inflow (outflow)	4.0	(32.3)	(1.3) (33.6)
Exchange and other movements	-	1.6	(0.9) 0.7
At 31 December 1992	18.0	104.3	(9.1) 95.2

AMEC p.l.c.  
Notes to the  
Accounts

**24 Capital Commitments**

	Group 1992 £ million	Group 1991 £ million	Company 1992 £ million	Company 1991 £ million
Contracted but not provided in accounts	0.9	8.3	-	-
Authorised by the directors but not contracted	2.0	5.7	-	-

**25 Lease Commitments**

	Land and buildings 1992 £ million	Plant and equipment 1992 £ million	Land and buildings 1991 £ million	Plant and equipment 1991 £ million
Current annual commitments payable under non-cancellable leases expiring:				
Within one year	0.9	0.3	0.8	0.3
Between two and five years	6.3	2.4	6.4	2.4
After five years	6.4	-	6.8	-
	13.6	2.7	14.0	2.7
Group:				
Within one year	0.9	0.3	0.8	0.3
Between two and five years	6.3	2.4	6.4	2.4
After five years	6.4	-	6.8	-
	13.6	2.7	14.0	2.7
Company:				
After five years	1.8	-	1.4	-

**26 Contingent Liabilities**

	Company 1992 £ million	Company 1991 £ million
Guarantees given in respect of borrowings of subsidiary undertakings	31.0	57.3

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

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

**27 Pension Arrangements**

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

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

The projected unit method is used to assess liabilities and future funding rates for the major scheme which covers 93% of United Kingdom members. The latest actuarial valuation of this scheme was undertaken as at 1 April 1990. This showed that the market value of the assets was £243 million with the actuarial value of assets being sufficient to cover 116% of the accrued benefits. Amortising the excess assets over the employees' working lives with the company, results in the present employer contribution rate of 12% of earnings. The valuation assumed that the investment returns would be 2% higher than the rate of annual salary increases. The next actuarial valuation will be undertaken as at 1 April 1993.

AMEC p.l.c.  
Report of the  
Auditors

To the members of AMEC p.l.c.

We have audited the accounts on pages 28 to 48 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1992 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick  
Chartered Accountants  
Registered Auditors  
Leeds  
24 March 1993

*KPMG Peat Marwick*

# AMEC p.l.c.

## Statistics

For the five years ended  
31 December 1992

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m
<b>Consolidated Results</b>					
Turnover	2,121.7	2,338.2	2,218.3	1,992.6	1,309.9
Profit before exceptional items	27.1	56.3	63.4	91.3	61.6
Exceptional items	(114.6)	(69.4)	(1.2)	(2.9)	9.3
(Loss) profit before taxation	(87.5)	(13.1)	62.2	88.4	70.9
Taxation	9.8	0.3	(20.9)	(28.1)	(25.5)
Attributable (loss) profit	(77.7)	(12.8)	41.3	60.3	45.4
Dividends	(16.8)	(31.3)	(25.3)	(24.1)	(15.7)
Transferred (from) to reserves	(94.5)	(44.1)	16.0	36.2	29.7
(Loss) earnings per ordinary share:					
Undiluted	(44.1p)	(13.5p)	20.2p	33.6p	29.7p
Diluted	(25.2p)	(4.2p)	17.2p	24.6p	25.9p
Dividends per ordinary share	3.0p	10.25p	10.125p	9.5p	8.5p
<b>Summarised Consolidated Balance Sheets</b>					
Assets employed:					
Fixed assets	174.6	202.9	200.1	177.9	155.8
Net current assets	169.4	249.0	193.7	160.2	124.5
	344.0	451.9	393.8	338.1	280.3
Financed by:					
Share capital	187.3	186.9	157.9	122.3	122.5
Reserves	54.9	163.6	141.3	166.0	115.5
Shareholders' funds	242.2	350.5	299.2	288.3	238.0
Loan stock	-	-	6.5	6.5	6.5
Loans	69.2	52.8	64.0	24.6	23.6
Other creditors	32.6	48.6	23.8	18.7	11.8
Deferred taxation	-	-	0.3	-	0.4
	344.0	451.9	393.8	338.1	280.3

### Notes

- Dividends and (loss) earnings per ordinary share have been adjusted for capital issues.
- The figures are stated in accordance with the accounting policies set out on page 32.

AMEC p.l.c.  
Principal Group  
Undertakings

At 31 December 1992

### Subsidiary Undertakings

- AMEC Building Limited
- AMEC Civil Engineering Limited
- AMEC Construction Limited
- \* AMEC Construction Pty Limited, incorporated in Australia
  - AMEC Construction Scotland Limited, incorporated in Scotland
  - AMEC Construction Services Limited
- \* AMEC Construction Singapore Pte Limited, incorporated in Singapore
- \* AMEC Construction South East Asia Limited, incorporated in Hong Kong
  - AMEC Design and Construction Limited
  - AMEC Design and Management Limited
  - AMEC Developments Limited
- \* AMEC Electrical and Mechanical Engineers Limited, incorporated in Hong Kong
  - AMEC Engineering Limited
- \* AMEC Engineering Group Inc., incorporated in the USA
- \* AMEC Engineering Inc., incorporated in the USA
  - AMEC Engineering International Limited (now named AMEC Process and Energy International Limited), operating outside the United Kingdom
- \* AMEC Engineering b.v., incorporated in Holland
- \* AMEC Engineering Nederland b.v., incorporated in Holland
- \* AMEC Holdings Inc., incorporated in the USA
- \* AMEC Holland b.v., incorporated in Holland
  - AMEC International Construction Limited, operating outside the United Kingdom
- \* AMEC Investments b.v., incorporated in Holland
  - AMEC Mining Limited
  - AMEC Offshore Limited
  - AMEC Offshore Developments Limited, incorporated in Scotland
  - AMEC Power Limited, incorporated in Scotland
  - AMEC Process and Energy Limited
  - AMEC Projects Limited
  - AMEC Properties Limited
  - AMEC Property and Overseas Investments Limited
  - AMEC Regeneration Limited
  - AMEC Utilities Limited
- \* Amrock A/S, incorporated in Norway
  - Arden Computer Services Limited
- \* Atlantic Services Limited, incorporated in Bermuda
- \* AUST-AMEC Pty Limited, incorporated in Australia

AMEC p.l.c.  
Principal Group  
Undertakings

At 31 December 1992

**Subsidiary Undertakings (continued)**

- CV Buchan Limited
- Denco Limited
- \* Denco SA, incorporated in France
- Fairclough Engineering Limited
- Fairclough Homes Limited
- \* Fire Protection Industries Inc., incorporated in the USA
- \* Fisk Electric Company, incorporated in the USA
- Franklin Hodge Industries Limited
- Matthew Hall Limited
- \* Matthew Hall (Singapore) Pte Limited, incorporated in Singapore
- Matthew Hall Overseas Holdings Limited
- Metal and Pipeline Endurance Limited
- Press Construction Limited
- James Scott Limited, incorporated in Scotland
- \* Sunland Services, Inc., incorporated in the USA
- Travel Places (International) Limited
- Watson Steel Limited
- \* Worsham Sprinkler Co. Inc., incorporated in the USA

**Associated Undertakings**

- \* Gebruder Kittelberger GmbH & Co., a limited liability partnership established in Germany (50%)
- \* GERIL-AMEC S.G.P.S., S.A., incorporated in Portugal (50%) (Note 4)
- \* Gulliver Consolidated Limited, incorporated in Zimbabwe (35%) (Note 5)
- \* Morse Diesel International, a partnership established in the USA (50%)
- Power Corporation Plc, incorporated in the Republic of Ireland (18.38% - ordinary shares) (Note 6)
- Ringway Developments PLC (21% - B shares [partly paid 50p]) (Note 7)
- \* Serete SA, incorporated in France (20%) (Note 8)
- The Combined Heat and Power Company Limited (50%) (Note 9)

**Investments**

- \* Trafford Park Estates PLC (15.68%) (Note 10)

AMEC p.l.c.  
Principal Group  
Undertakings  
At 31 December 1992

**Notes**

- 1 Subsidiary and associated undertakings shown on pages 51 and 52 are, in the opinion of the directors, those principally affecting group trading results and net assets.
- 2 Except where otherwise indicated, all of the undertakings are wholly owned, incorporated in England, operate principally in their countries of incorporation and their share capitals are in ordinary shares.
- 3 Shares are held directly by AMEC p.l.c. except where marked with an asterisk where they are held by subsidiary undertakings.
- 4 The issued share capital of GERIL-AMEC S.G.P.S., S.A. is 1,626,000 shares of 1,000 Escudos each.
- 5 The issued share capital of Gulliver Consolidated Limited is 9,585,753 shares of 50 cents each.
- 6 The issued share capital of Power Corporation Plc is 116,273,491 ordinary shares of IR10p each, 2,016,843 Series A convertible redeemable deferred shares of IR10p each and 2,596,464 Series B convertible redeemable deferred shares of IR10p each.
- 7 The issued share capital of Ringway Developments PLC is 50,000 fully paid A shares of £1 each, 6,950,000 partly paid (30p) A shares of £1 each and 7,286,000 partly paid (50p) B shares of £1 each.
- 8 The issued share capital of Serete SA is 82,000 shares of 210 Francs each.
- 9 The issued share capital of The Combined Heat and Power Company Limited is 125,000 A ordinary shares of £1 each and 125,000 B ordinary shares of £1 each. Both the A and B shares are partly paid (34p).
- 10 The issued share capital of Trafford Park Estates PLC is 67,739,207 ordinary shares of 25p each.
- 11 AMEC p.l.c. has representation on the boards of each of the associated undertakings.

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

Notice is hereby given that the eleventh annual general meeting of AMEC p.l.c. will be held at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, on Wednesday 9 June 1993, at 12 noon for the following purposes:

- 1 To consider the accounts and the reports of the directors and the auditors for the year ended 31 December 1992 and to approve a final dividend of 1p per ordinary share (Resolution 1).
- 2 To re-elect directors (Resolutions 2 to 4).
- 3 To re-appoint auditors (Resolution 5).
- 4 As special business, to consider and, if thought fit, pass the following resolutions:

**As a Special Resolution (Resolution 6):**

That the authority conferred on the directors by paragraph (i) and the power conferred on the directors by paragraph (ii) of article 12(B) of the company's articles of association be renewed for the period ending on the date of the annual general meeting in 1994 or on 9 September 1994, whichever is the earlier, and for such period:

- (a) the section 80 amount should be £33,646,350; and
- (b) the section 89 amount should be £5,046,952.

**As an Ordinary Resolution (Resolution 7):**

That the directors be and are hereby authorised to amend the rules of the AMEC Savings Related Share Option Scheme into the form presented to this meeting or such other form as may be required by the Inland Revenue.

**As a Special Resolution (Resolution 8):**

That the share premium account of the company be cancelled.

By order of the board  
M J Bardsley  
Secretary  
13 May 1993

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

**Notes**

1 Resolution 6, which is a special resolution proposed in accordance with the provisions of sections 80 and 89 of the Companies Act 1985, renews the authority given to the directors at last year's annual general meeting to issue shares in the company, up to a nominal amount of £33,646,350 until the earlier of next year's annual general meeting or 9 September 1994 and also renews the power given to the directors at last year's annual general meeting to allot further shares for cash, other than by way of a rights issue, up to a nominal amount of £5,046,952.

2 A circular is enclosed with the annual report and accounts setting out the detailed proposals covering resolution 8.

3 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 note holders for information only. Loan note holders are not entitled to attend or vote at the annual general meeting.

4 There will be available for inspection at the registered office of the company during business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until the date of the annual general meeting and at the Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester, from 11.45am on 9 June 1993 until the conclusion of the meeting, copies of all service contracts of the directors with the company or any of its subsidiary undertakings not expiring or terminable within one year without payment of compensation and a copy of the rules of the AMEC Savings Related Share Option Scheme in their proposed amended form.

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