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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH APRIL 1987

COMPANIES REGISTRATION
8 DEC 1987
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HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH APRIL 1987

1. The directors present their annual report and the audited financial statements of the company for the year ended 30th April 1987.

2. **TRADING RESULTS AND REVIEW OF ACTIVITY**

The consolidated profit and loss account for the year is set out on page 4.

The main activities of the group are:-

- (a) the supply of consulting civil engineering services
- (b) the supply of mapping and surveying services
- (c) the supply of offshore engineering services
- (d) the supply of architectural services

The turnover of the principal subsidiary, Sir William Halcrow & Partners Ltd. consists mainly of work subcontracted from The Halcrow Partnership, an affiliated firm. Turnover of £14,123,359 (1986: £18,678,987) arose from this source.

Trading conditions during the year have proved to be difficult, which is reflected in the operating loss, before exceptional items, for the year. There has, however, been an improvement in gross margins but this has been offset by increased overheads, particularly bad debt charges.

Credit has been taken for a refund of £3,000,000 in Halcrow Staff and Services, a subsidiary company, in respect of a repayment claimed by that company from its pensions fund, which is currently overfunded.

The company re-registered as a limited company on 22nd August 1986 and now trades as Halcrow Holdings Limited.

The directors do not recommend the payment of a dividend and the profit for the year has been taken to reserves.

3. **DIRECTORS**

The following were directors of the company for the whole of the financial year:-

R S Baxter	A C Cadwallader
R W Rothwell	M S Fletcher
A R Kopec	D O Lloyd (appointed 1st May 1986)
T D Casey	

D Buckley and VJW Hoad were appointed directors on 1st May 1987.

Each of the directors listed above is a partner in The Halcrow Partnership, an affiliated firm, which owned the whole of the share capital of the company for the whole of the year.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
CONTINUED

4. FIXED ASSETS

The movements in fixed assets are shown in note 11 and 12 in the financial statements.

5. CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1970, as amended. There have been no changes in this respect since the end of the financial year.

6. CHARITABLE CONTRIBUTIONS

Contributions made by the group during the year for charitable purposes were £2,135 (1986 £3,196).

7. DISABLED PERSONS

It is established group policy to offer the same opportunity to disabled people as to all others in matters of recruitment and career and advancement, provided they have the ability to perform the tasks required, and to provide retraining where necessary in cases where disability occurs during employment with the group.

8. EMPLOYEE INVOLVEMENT

The views of employees are obtained on matters affecting their interests through a Staff Council which meets on a regular basis.

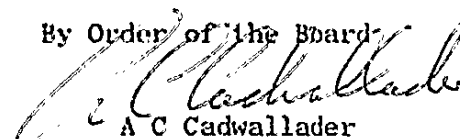
9. AUDITORS

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

Vineyard House
44 Brook Green
London W6 7BY

13th October, 1987.

By Order of the Board


A C Cadwallader
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS
REPORT OF MCLEOD HOLDINGS LIMITED

We have audited the financial statements set out on pages 4 to 18 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 30th April 1987, and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants

London

13 October 1987

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 1987

	Notes	1987 £	1986 £
Turnover	2	29,076,302	27,703,900
Cost of sales		<u>(20,511,970)</u>	<u>(20,018,714)</u>
Gross profit		8,564,332	7,685,186
Administrative expenses		<u>(9,333,009)</u>	<u>(8,586,812)</u>
Operating loss before exceptional item	3	(768,677)	(901,626)
Exceptional item	4	<u>3,000,000</u>	<u>-</u>
Operating profit/(loss) after exceptional item		2,231,323	(901,626)
Share of profits less losses of related companies	5	189,705	(12,164)
Other interest receivable and similar income	6	340,749 530,454	129,547 117,383
Interest payable and similar charges	7	<u>(261,260)</u>	<u>(200,868)</u>
Profit/(loss) on ordinary activities before taxation		2,500,517	(388,111)
Tax on profit/(loss) on ordinary activities	10	<u>(1,244,205)</u>	<u>(23,322)</u>
		1,256,312	1,008,433
Profits attributable to minority interests		<u>(119)</u>	<u>(27,762)</u>
Profit/(loss) for the year		<u>1,256,193</u>	<u>1,036,195</u>

STATEMENT OF CONSOLIDATED RETAINED PROFITS/(LOSSES)

Accumulated (losses)/profits at 1st May 1986		(1,018,277)	17,918
Profit/(loss) for the year		<u>1,256,193</u>	<u>1,036,195</u>
Accumulated profits/(losses) at 30th April 1987	20	237,916	(1,018,277)

The notes on pages 8 to 18 form part of these financial statements.
Auditors' report on page 3.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET - 30TH APRIL 1987

	Notes	1987		1986	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		1,073,931		1,245,044
Investments:					
Shares in related companies	12(b)	(29,796)		23,368	
Loans to related companies	12(c)	<u>88,000</u>		<u>110,566</u>	
			<u>58,204</u>		<u>133,934</u>
			1,132,135		1,378,978
CURRENT ASSETS					
Stocks	13	3,297,911		4,119,355	
Debtors	14,22	10,733,507		9,365,482	
Investments	15	2,414,392		2,378,058	
Cash at bank and in hand		<u>3,534,858</u>		<u>4,795,279</u>	
			19,980,668		20,658,174
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>13,241,815</u>		<u>15,916,206</u>	
NET CURRENT ASSETS			<u>6,738,853</u>		<u>4,741,968</u>
Total assets less current liabilities			7,870,988		6,120,946
Less: Non-current liabilities					
CREDITORS - AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR	17	542,862		228,424	
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>399,984</u>		<u>315,798</u>	
			<u>942,846</u>		<u>544,222</u>
			6,928,142		5,576,724
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	19		6,700,000		6,700,000
Profit and loss account	20		237,916		1,018,277
Revaluation reserve	21		<u>83,000</u>		<u>-</u>
			7,020,916		5,681,723
Minority interests			<u>192,774</u>		<u>104,999</u>
			6,928,142		5,576,724
			=====		=====

R S BAXTER

T D CASEY

The notes on pages 8 to 18 form part of these financial statements.
Auditors' report on page 5

HALCROW HOLDINGS LIMITED
BALANCE SHEET - 30TH APRIL 1987

	Notes	1987		1986	
		£	£	£	£
FIXED ASSETS					
Investments:					
Shares in subsidiaries	12(a)		5,464,504		4,417,936
CURRENT ASSETS					
Debtors	14	389,000		85,259	
Cash at bank		<u>901</u>		<u>5,541</u>	
		389,901		90,800	
CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>3,075</u>		<u>1,842</u>	
			<u>386,826</u>		<u>88,958</u>
NET CURRENT ASSETS					
Total assets less current liabilities			5,851,330		4,506,894
CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17		<u>325,000</u>		<u>-</u>
			5,526,330		4,506,894
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	19	6,700,000		6,700,000	
Profit and loss account	20	<u>(1,173,670)</u>		<u>(2,193,106)</u>	
			5,526,330		4,506,894
			=====		=====

R S BAXTER
T D CASEY
Directors

The notes on pages 8 to 18 form part of these financial statements.
Auditors' report on page 3

HALCROW HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH APRIL 1987

	1987		1986	
	£	£	£	£
SOURCE OF FUNDS				
Profit/(loss) on ordinary activities before taxation		2,500,517		(985,111)
Adjustment for items not including the movement of funds:				
Depreciation of tangible fixed assets	481,193		503,121	
Provisions for liabilities and charges (excluding deferred tax)	128,000		27,314	
Currency realignment on fixed assets	197		2,669	
Profits attributable to minority interests	(119)		(27,762)	
Profit on sale of tangible fixed assets	<u>(41,928)</u>		<u>(20,421)</u>	
		<u>567,343</u>		<u>484,921</u>
TOTAL GENERATED FROM OPERATIONS		3,067,860		(500,190)
FUNDS FROM OTHER SOURCES				
Proceeds from issue and further calls of shares	-		3,500,000	
Proceeds from issue of debentures	467,000		-	
Reduction in loans to related companies	22,566		22,776	
Disposal of tangible fixed assets	98,118		107,646	
Decrease in minority interests	12,225		27,531	
Movement in shares in related companies	<u>53,164</u>		<u>-</u>	
		<u>653,073</u>		<u>3,657,953</u>
TOTAL SOURCE OF FUNDS		3,720,933		3,157,763
APPLICATION/TRANSFER OF FUNDS				
Purchase of tangible fixed assets	283,467		597,886	
Tax paid	1,293,996		172,402	
Movement in shares in related companies	-		11,496	
Reduction of loans	10,562		48,933	
Redemption of debentures	<u>142,000</u>		<u>-</u>	
		<u>(1,730,025)</u>		<u>(830,717)</u>
		1,990,908		2,327,046
MOVEMENT IN WORKING CAPITAL				
Decrease/increase in work in progress	821,444		1,012,080	
(Increase)/decrease in debtors	1,368,025		1,671,671	
(Decrease)/increase in creditors (excluding taxation & bank overdrafts)	<u>2,832,640</u>		<u>1,230,908</u>	
		<u>(3,379,221)</u>		<u>1,890,499</u>
		<u>(1,388,313)</u>		<u>4,217,545</u>
MOVEMENT IN NET LIQUID FUNDS				
Increase in investments	36,334		2,378,058	
(Decrease)/increase in cash at bank and in hand	(1,260,421)		3,570,066	
Increase in bank loans and overdrafts	<u>164,226</u>		<u>1,730,579</u>	
		<u>(1,388,313)</u>		<u>4,217,545</u>
		=====		=====

Auditors' report on page 3.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987

1 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention with the exception of certain fixed assets which have been included at valuation.

(b) Consolidation

The consolidated accounts comprise the accounts of the company and all its subsidiary and related companies. Halcrow Holdings Ltd has taken advantage of the legal dispensations allowing it not to publish a separate profit and loss account.

(c) Turnover

Turnover, which excludes sales between group entities and value added and similar taxes, represents amounts billed for professional services and items procured for clients, adjusted where necessary, for the stage of completion on individual contracts.

(d) Contract results

A major part of the activity of the group comprises business performed under long term contracts. Such contracts are subject to regular detailed financial and technical reviews to determine the estimated costs to completion, including, where necessary, provisions for contingencies. A proportion of the estimated contract profit is credited in the accounts as work progresses, according to the stage of completion. Generally the stage of completion is measured by reference to technical staff costs. Full provisions are made in respect of foreseeable losses on incomplete contracts.

(e) Work in progress and bills in advance

Long term contract work in progress is valued at cost plus a proportion of profits earned on contracts, less any provision considered necessary to reduce the carrying amounts to their net realisable values.

Short term work in progress is valued at the lower of cost and net realisable value.

Cost comprises direct materials and labour and an appropriate proportion of both fixed and variable overheads.

Work in progress in the balance sheet is stated net of the amounts billed on account.

Bills in advance, which is included in creditors, represents amounts billed in excess of the carrying value of work in progress and is calculated by reference to individual contracts.

(f) Depreciation

Depreciation of fixed assets is by equal annual instalments calculated to write off the cost of each asset over its anticipated useful life.

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HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

The annual rate of depreciation applied to each class of fixed asset is as follows:

Leasehold property	-	period of lease
Motor Vehicles	-	25%
Furniture and equipment		
- Micro computers	-	33%
- Other	-	20%

(g) Foreign currencies

The accounts of overseas entities which are stated in foreign currencies are translated into sterling using the average exchange rate for the financial year for Profit and Loss Account items and the year end exchange rate for assets and liabilities.

Transactions in foreign currencies undertaken by UK group entities are converted into sterling using the exchange rate applicable at the date of the transaction.

All exchange differences are dealt with through the profit and loss account.

(h) Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items and for timing differences to the extent that they are likely to result in an actual tax liability in the foreseeable future.

Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that in which they are recognised in the financial statements.

Foreign taxation arising in respect of overseas earnings is provided for in accordance with individual contract terms and local legislation and practice. Where appropriate, related UK taxation provisions are reduced to the extent that double taxation relief is available.

i) Affiliated firms

Halcrow Holdings Ltd is a member of The Halcrow Partnership group of companies and firms. Other companies and firms which are members of this group are classified as affiliated firms.

2 TURNOVER

The contributions of the principal activities of the group to turnover and profit/(loss) before taxation are set out below:

	1987		1986	
	Turnover	Profit/(loss) before tax	Turnover	Profit/(loss) before tax
	£	£	£	£
a) Principal Activities				
Civil engineering services	24,899,078	3,108,167	22,871,111	(814,250)
Offshore engineering services	551,446	(155,934)	661,992	(151,047)
Surveying services	2,669,276	(42,975)	2,463,058	(15,842)
Architectural services	956,502	(408,741)	1,707,739	(3,972)
	<u>29,076,302</u>	<u>2,500,517</u>	<u>27,703,900</u>	<u>(985,111)</u>

Included in turnover is £14,123,359 (1986: £18,678,987) in respect of work subcontracted from The Halcrow Partnership, a United Kingdom based affiliated firm. For the purposes of the geographical analysis of turnover, shown below, this is allocated by the country of origin of the work.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

	1987	1986
	£	£
(b) Geographical Analysis		
United Kingdom and Europe	17,467,352	13,070,642
Middle East	2,900,121	4,285,207
Far East	5,497,004	6,462,954
Caribbean and North/Central America	1,016,560	1,147,635
Africa	1,438,621	2,331,893
Other	<u>756,644</u>	<u>605,569</u>
	29,076,302	27,703,900
	=====	=====
3 OPERATING PROFIT		
Operating profit/(loss) is stated after charging:		
Auditors' remuneration (company £1,525; 1986 £1,150)	71,492	65,904
Depreciation of tangible fixed assets	481,193	503,121
Foreign exchange losses	102,431	467,794
Bad debt provisions	574,603	334,781
Redundancy payments	124,890	217,365
	=====	=====
and after crediting:		
Profit on sale of tangible fixed assets	41,928	20,421
	=====	=====
4 EXCEPTIONAL ITEM		
Refund from pension scheme (see note 25)	3,000,000	-
	=====	=====
5 INCOME FROM FIXED ASSET INVESTMENTS		
The group's share of profits less losses before tax relating to its interests in related companies and joint ventures is as follows:-		
Halcrow-Balfour Ltd	(77,107)	(72,230)
Balfour-Halcrow Joint Venture	4,289	2,428
British Metro Consultants Group	179,567	(42,842)
Halcrow Fox & Associates Ltd	109,436	107,406
Alistair, Tucker, Murray, Halcrow & Associates Ltd.	(31,737)	-
Others	<u>5,257</u>	<u>(6,926)</u>
	189,705	(12,164)
	=====	=====
6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest on fixed interest securities	174,181	50,043
Other interest receivable	130,781	79,504
Profit on sale of fixed interest securities	<u>35,787</u>	<u>-</u>
	340,749	129,547
	=====	=====
7 INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable on sums wholly repayable within five years	261,260	200,368
	=====	=====

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

8 EMPLOYEE INFORMATION

- (a) The average number of persons employed by the group, including directors, during the year is analysed below:
 By Principal Activity

	Number	Number
Civil and offshore engineering service	741	739
Surveying services	117	107
Architectural services	<u>22</u>	<u>26</u>
	880	872
	===	===

	1987	1986
	£	£
(b) Group employment costs:		
Aggregate gross wages and salaries paid to group employees	11,458,623	10,680,123
Employers' national insurance contributions, or foreign equivalents	739,504	633,564
Employers' pension contributions under group pension schemes	<u>324,670</u>	<u>326,948</u>
	<u>12,522,797</u>	<u>11,640,635</u>
	=====	=====

9 DIRECTORS' EMOLUMENTS

None of the directors of Halcrow Holdings Ltd received emoluments for their services as directors of the company (1986: ENIL).

10 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

UK Corporation tax based on the results for the year at 35% (40% 1986)	(77,487)	(46,379)
Transfer (from)/to deferred taxation	(43,814)	25,600
Tax credit on UK dividends receivable	<u>16,846</u>	-
Non-UK taxation	(104,455)	(21,379)
	<u>140,104</u>	<u>31,473</u>
Share of related companies' tax charge	35,649	10,094
Exceptional item @ 40% (see note 25)	8,556	13,228
	<u>1,200,000</u>	-
	<u>1,244,205</u>	<u>23,322</u>
	=====	=====

11 TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Motor Vehicles £	Furniture and Equipment £	Total £
<u>COST OR VALUATION</u>				
At 1st May 1986	14,545	759,326	4,113,047	4,886,918
Revaluation	-	-	83,000	83,000
Additions	-	158,722	124,745	283,467
Currency realignment	(1,041)	84	(3,347)	(4,304)
Disposals	-	<u>(207,132)</u>	<u>(362,083)</u>	<u>(569,195)</u>
At 30th April 1987	<u>13,504</u>	<u>711,000</u>	<u>3,955,362</u>	<u>4,679,866</u>
	=====	=====	=====	=====

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

	Short Leasehold Property £	Motor Vehicles £	Furniture and Equipment £	Total £
<u>DEPRECIATION</u>				
At 1st May 1986	12,826	331,257	3,297,791	3,641,874
Charge for year	1,763	165,439	313,991	481,193
Currency realignment	(1,086)	118	(3,139)	(4,107)
Disposals	-	(158,391)	(354,614)	(513,005)
At 30th April 1987	<u>13,503</u>	<u>338,423</u>	<u>3,254,029</u>	<u>3,605,955</u>

NET BOOK VALUE

At 30th April 1987	1	372,577	701,353	1,073,931
At 30th April 1986	1,719	428,069	815,256	1,245,044

During the year, fully written down equipment originally costing £436,000, was revalued by the directors at a value of £83,000, representing its estimated net realisable value.

12

FIXED ASSETS INVESTMENTS

	1987 £	1986 £
(a) <u>Investment in subsidiaries</u>		
Investment at cost, 1st May 1986	6,627,235	3,126,543
Additions in year:		
Sir William Halcrow & Partners Ltd	-	3,500,000
Halcrow Middle East Ltd	-	692
Dormant companies struck off	<u>(602)</u>	<u>-</u>
	6,626,633	6,627,235
Less: Provisions against investments		
Sir William Halcrow & Partners Ltd.	(1,157,508)	(2,208,461)
Halcrow Middle East Ltd.	(4,621)	(236)
Others	<u>-</u>	<u>(602)</u>
	<u>5,464,504</u>	<u>4,417,936</u>

<u>Name of Company and Country of Registration</u>	<u>Description of shares held</u>	<u>Proportion of nominal value of issued shares held</u>
Halcrow Staff & Services (England)	Ordinary £1 shares	100%
Sir William Halcrow & Partners Ltd (England)	Ordinary £1 shares	100%
Halcrow Middle East Ltd (Dubai, UAE)	Ordinary DH 10 shares	98%

The business activities of the principal subsidiaries are as follows:

(i) Halcrow Staff & Services - supply of services to firms of consulting engineers.

(ii) Sir William Halcrow & Partners Ltd - supply of consulting civil engineering services.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

<u>(b) Investment in related companies</u>	1987	1986
	£	£
Shares at cost	59,366	39,790
Group's share of post acquisition retained profits/(losses) and reserves	<u>(89,162)</u>	<u>(16,422)</u>
	(29,796)	23,368
	=====	=====
Halcrow Fox & Associates Ltd. (England)	Ordinary 'B'	50%
	£1 shares	
Alistair Tucker, Murray, Halcrow & Associates Ltd (England)	Ordinary 'B'	50%
	£1 shares	
Halcrow-Balfour Ltd (England)	Ordinary 'A'	50%
	£1 shares	
Halcrow-ULG Ltd (England)	Ordinary	50%
	£1 shares	
Shortlands Computing Services Ltd (England)	Preference	
	£1 shares	18%

The business activities of the principal related companies are as follows:

- (i) Halcrow Fox & Associates Ltd - planning and transportation consultants
- (ii) Alistair Tucker, Murray, Halcrow & Assoc. Ltd - management consultants
- (iii) Halcrow-Balfour Ltd - public health engineering consultants

<u>(c) Loans to related companies</u>	1987	1986
	£	£
Halcrow Fox & Associates Ltd.	50,000	72,566
Alistair Tucker, Murray, Halcrow & Assoc. Ltd	26,500	26,500
Global Renewable Energy Services Ltd	<u>11,500</u>	<u>11,500</u>
	88,000	110,566
	=====	=====

13

STOCKS

a Long term contract work in progress	44,853,059	35,618,959
Progress payments received & receivable	<u>(41,555,148)</u>	<u>(31,499,604)</u>
	3,297,911	4,119,355
	=====	=====

- (b) The inclusion of attributable profit in long term contract work in progress in accordance with SSAP 9 constitutes a departure from the valuation rules contained in Schedule 4 to the Companies Act 1985. This departure is necessary to enable the financial statements to give a true and fair view as required by Section 228 (5) of the Companies Act 1985. As it is not possible to allocate progress payments between costs and profits, it is impracticable to determine the effect of this departure on the amount attributed to long term contract work in progress in the balance sheet.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1987
CONTINUED

14	DEBTORS	1987		1986	
		The Company	The Group	The Company	The Group
		£	£	£	£
	Amounts falling due within one year:				
	Trade debtors	-	7,131,264	-	7,224,223
	Amounts owed by group companies	389,000	-	85,259	-
	Amounts owed by affiliated firms (see note 1(i))	-	209,908	-	92,383
	Amounts owed by related companies	-	717,314	-	965,649
	Other debtors	-	2,313,236	-	520,524
	Prepayments and accrued income	-	361,785	-	562,703
		<u>389,000</u>	<u>10,733,507</u>	<u>85,259</u>	<u>9,365,482</u>
		=====	=====	=====	=====
15	INVESTMENTS				
	Listed UK government securities at cost (market value £2,424,113 1986: £2,413,750)		2,414,392	2,378,058	
			=====	=====	
16	CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR	1987		1986	
		The Company	The Group	The Company	The Group
		£	£	£	£
(a)	Bank loans and overdrafts	-	3,125,788	-	2,961,562
	Bills in advance	-	4,252,329	-	4,065,375
	Trade creditors	-	1,630,509	-	1,882,639
	Amounts owed to affiliated firms (see note 1(i))	400	339,337	692	2,545,968
	Amounts owed to related companies	-	33,408	-	577,663
	Other creditors including taxation and social security (see (b) below)	-	1,548,209	-	1,076,791
	Accruals and deferred income	2,675	2,312,235	1,150	2,806,208
		<u>3,075</u>	<u>13,241,815</u>	<u>1,842</u>	<u>15,916,206</u>
		=====	=====	=====	=====
(b)	Other creditors including taxation and social security is made up as follows:				
	United Kingdom Corporation Tax	-	11,660	-	10,007
	Non-UK tax	-	244,666	-	252,298
		-	256,326	-	262,305
	Social Security	-	401,224	-	274,960
	Other	-	890,659	-	1,076,791
		-	1,548,209	-	1,076,791
		=====	=====	=====	=====
17	CREDITORS-AMOUNTS DUE AFTER MORE THAN ONE YEAR				
	Debenture Loans	325,000	325,000	-	-
	Other Loans:				
	Clyde Petroleum plc	-	120,000	-	120,000
	Ewbank & Partners	-	97,862	-	108,424
		<u>325,000</u>	<u>542,862</u>	<u>-</u>	<u>228,424</u>
		=====	=====	=====	=====

HALCROW HOLDINGS LIMITED
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Debenture Loans

On 31st October 1986 the company issued debentures, at par, to directors of a subsidiary company. These debentures are redeemable:-

- (a) on the holder reaching normal retirement date, or
- (b) the holder ceasing to be employed by a subsidiary company, or
- (c) by mutual agreement between the company and the holder.

In the event that the company or its subsidiary Sir William Halcrow & Partners Ltd. offer their shares to employees, these debentures are convertible into said shares with a value equal to the principal sum.

These debentures were issued in order to provide additional working capital and bear interest equal to Midland Bank plc base rate.

The movements on debentures were as follows:

	The Company £	The Group £
Issued in the year	467,000	467,000
Redeemed in the year	<u>(142,000)</u>	<u>(142,000)</u>
Balance at 30th April, 1987.	325,000	325,000
	=====	=====
Repayable otherwise than by instalments in more than five years:	101,100	101,100
	=====	=====

	1987		1986	
	The Company £	The Group £	The Company £	The Group £
Other Loans				
Amounts repayable more than five years hence, otherwise than by instalments	-	97,862	-	108,424
Amounts repayable by instalments in less than five years hence	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
	-----	217,862	-----	228,424
	=====	=====	=====	=====

18 PROVISIONS FOR LIABILITIES AND CHARGES

(a) Provision for excesses on insurance claims	-	348,000	-	220,000
Taxation, including deferred taxation (note (b))	<u>-</u>	<u>51,984</u>	<u>-</u>	<u>95,798</u>
	-----	399,984	-----	315,798
	=====	=====	=====	=====

HALCROW HOLDINGS LIMITED
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CONTINUED

(b) Taxation, including deferred taxation	1987	1986
	£	£
Contribution for future tax liabilities on profits earned but not yet assessed	-	25,000
Corporation tax on accelerated capital allowances in the group	<u>51,984</u>	<u>70,798</u>
	51,984	95,798
	=====	=====

(c) Movements on the provisions are as follows:-

	<u>Insurance Excesses</u>	<u>Deferred Taxation</u>
	£	£
Balance at 1st May 1986	220,000	95,798
Transfers from/(to) Profit and Loss account	<u>128,000</u>	<u>(43,814)</u>
Balance at 30th April 1987	348,000	51,984
	=====	=====

19 SHARE CAPITAL

Ordinary shares of £1 each

	1987	1986
	£	£
Authorised	<u>12,000,000</u>	<u>12,000,000</u>
	=====	=====
Allotted, issued and fully paid	6,700,000	6,700,000
	=====	=====

20 PROFIT AND LOSS ACCOUNT

The movement on consolidated retained profits/(losses) is analysed below:-

	<u>Halcrow Holdings</u>	<u>Subsidiary Companies</u>	<u>Related Companies</u>	<u>Total</u>
	£	£	£	£
At 1st May 1986	2,193,106	1,174,829	-	(1,018,277)
Retained profit for the year	<u>1,019,436</u>	<u>236,757</u>	-	<u>1,256,193</u>
At 30th April 1987	(1,173,670)	1,411,586	-	237,916
	=====	=====	=====	=====

Halcrow Holdings Ltd. directly provides for the retained losses of subsidiary companies, including their subsidiary and related companies. For this reason the above analysis will include retained profits and losses of subsidiary and related in the figures for Halcrow Holdings Ltd.

HALCROW HOLDINGS LIMITED
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21	REVALUATION RESERVE	1987	1986
		The Company	The Group
		£	£
	Surplus arising on revaluation of fully depreciated equipment	-	83,000
		=====	=====
22	OVERSEAS ASSETS		

(a) Included in the balance sheet are the following items relating to contracts with a local government authority in Libya:

	1987	1986
	£'000s	£'000s
Debtors	1,184	1,188
Work in progress	12	45
Bills in advance	-	(21)
Cash	95	108
	<u>1,291</u>	<u>1,320</u>
Provision	<u>(801)</u>	<u>(481)</u>
	490	839
	=====	=====

Difficulty has been encountered in obtaining payment from the client and in the transfer of funds from Libya to the United Kingdom. During the year the group received £147K in Libya and transferred £65K to the United Kingdom. Subsequent to the year end a further £253K was received in Libya.

In recognition of the difficult political and economic environment for UK companies operating in Libya a further provision of £320K has been made this financial year against the above assets, making a total provision of £801K. Additionally, included in taxation provisions is an amount of £49K (1986 £60K) together with a further £175K (1986 £297K) provided by an affiliated firm, payment of which is contingent on the receipt or partial receipt of monies outstanding. In these circumstances, the directors feel that the provisions made adequately cover the group's exposure and are confident that the net assets related to the Libyan contracts will be fully realised.

23 CAPITAL COMMITMENTS

Capital expenditure authorised at 30th April 1987 but not provided in these financial statements amounted to £NIL (1986: £NIL).

24 CONTINGENT LIABILITIES

Guarantees given to banks for performance bonds and advance payments outstanding at 30th April 1987 totalled £887,036 (1986: £856,700). These were partly secured.

HALCROW HOLDINGS LIMITED
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25 PENSION COMMITMENTS

The group operates three schemes, two contributory for staff, one non-contributory for directors. All are funded defined benefit schemes.

Actuarial valuations of the directors scheme and one of the staff schemes were carried out in 1982 and 1986 respectively, which disclosed that each was adequately funded.

An actuarial valuation of the Halcrow Staff Pension Scheme as at 1 July 1986 disclosed that the assets of the scheme exceeded the discounted value of anticipated future benefits payable by a substantial amount. In view of this the scheme was made non-contributory for members for 18 months from 1 January 1987. This has subsequently been extended for another 12 months following an actuarial valuation as at 1 April 1987 which disclosed that the excess of scheme assets over liabilities, calculated in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, had reached 25%.

As in the previous 3 years to 30 April 1986, the group has only made nominal contributions to the scheme. The contributions in the year include a charge in respect of cases where the charge rate to clients included the cost of pension contributions.

In view of the continuing surplus, after taking into account the above measures, the trustees of the scheme have applied to the Superannuation Funds Office for a refund of £3,000,000. Although approval in principle for the refund has been received from the Superannuation Funds Office subsequent to the balance sheet date, the group has taken credit for the £3,000,000 in these accounts as the directors regard authorisation as imminent and the application had been initiated prior to 30 April 1987.

26 ASSETS PLEDGED

The group has lodged investments (gilt edged securities) to the value of £1,482,863 (1986: £1,514,938) as security for a bank loan.