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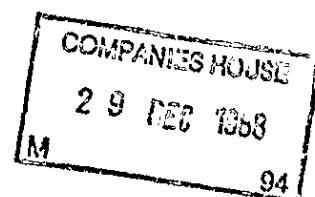
HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH APRIL 1988



HALCROW HOLDINGS LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30TH APRIL 1988

1. The directors present their annual report and the audited financial statements for the year ended 30th April 1988.

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 £11,942,280 (1987: £14,123,359) arose from this source.

The trading conditions during the year have again proved difficult, which is reflected in the operating losses for the year. The increase in turnover and gross profit have mainly been offset by increased overheads.

The directors do not recommend the payment of a dividend and the loss for the year has been set off against reserves.

3. **DIRECTORS**

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

|                               |                              |
|-------------------------------|------------------------------|
| R S Baxter (resigned 30/4/88) | M S Fletcher                 |
| R W Rothwell                  | D O Lloyd                    |
| A R Kopec                     | D Buckley (appointed 1/5/87) |
| T D Casey                     | V J Hoad (appointed 1/5/87)  |
| A C Cadwallader               |                              |

Messrs H G Johnson and D J Pollock were appointed directors on 1st May 1988.

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 notes 11 and 12 in the financial statements.

5. CLOSE COMPANY PROVISIONS

The company remains a close company within the meaning of the Income and Corporation Taxes Act 1988. 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 £3,710 (1987 £2,135).

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 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  
19th October, 1988

By Order of the Board

  
A.C. Cadwallader  
Secretary

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REPORT OF THE AUDITORS TO THE MEMBERS  
OF HALCROW HOLDINGS LIMITED

We have audited the financial statements set out on pages 4 to 19 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 1988, and of the loss and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.



London  
19th October, 1988

Coopers & Lybrand  
Chartered Accountants

HALCROW HOLDINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH APRIL 1988

|  | Notes | 1988                          | 1987                            |
|--|-------|-------------------------------|---------------------------------|
|  |       | £                             | £                               |
| Turnover   | 2     | 33,504,597                    | 29,076,302                      |
| Cost of sales  |       | <u>(22,957,079)</u>           | <u>(20,511,970)</u>             |
| Gross profit   |       | 10,547,518                    | 8,564,332                       |
| Administrative expenses  |       | <u>(10,924,241)</u>           | <u>(9,333,009)</u>              |
| Operating loss before exceptional item   | 3     | (376,723)                     | (768,677)                       |
| Exceptional item   | 4     | —                             | 3,000,000                       |
| Operating (loss)/profit after exceptional item   |       | <u>(376,723)</u>              | <u>2,231,323</u>                |
| Share of (losses)/profits of related companies   | 5     | (56,060)                      | 189,705                         |
| Other interest receivable and similar income   | 6     | <u>342,116</u><br>286,056     | <u>340,749</u><br>530,454       |
| Interest payable and similar charges (Loss)/profit on ordinary activities before taxation    | 7     | <u>(335,301)</u><br>(425,968) | <u>(261,260)</u><br>2,500,517   |
| Tax on (loss)/profit on ordinary activities (Losses)/profit on ordinary activities after tax | 10    | <u>(82,048)</u><br>(508,016)  | <u>(1,244,205)</u><br>1,256,312 |
| Losses/(profits) attributable to minority  |       | <u>5,107</u>                  | <u>(119)</u>                    |
| (Loss)/profit for the year   |       | <u>(502,909)</u><br>*****     | <u>1,256,193</u><br>*****       |

STATEMENT OF CONSOLIDATED RETAINED (LOSSES)/PROFITS

|   |    |                           |                         |
|---|----|---------------------------|-------------------------|
| Accumulated profits/(losses) at 1st May 1987    |    | 237,916                   | (1,018,277)             |
| (Loss)/profit for the year                      |    | (502,909)                 | 1,256,193               |
| Transfer from Revaluation Reserve               |    | 6,000                     | —                       |
| Transfer to Capital Reserve                     | 21 | <u>(138,360)</u>          | —                       |
| Accumulated (losses)/profits at 30th April 1988 | 20 | <u>(397,353)</u><br>***** | <u>237,916</u><br>***** |

The notes on pages 8 to 19 form part of these financial statements.  
Auditors' report on page 3.

HALCROW HOLDINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET - 30TH APRIL 1988

|   | Notes | 1988              |                  | 1987              |                  |
|---|-------|-------------------|------------------|-------------------|------------------|
|   |       | £                 | £                | £                 | £                |
| <b>FIXED ASSETS</b>                           |       |                   |                  |                   |                  |
| Tangible assets                               | 11    |                   | 1,409,628        |                   | 1,073,931        |
| Investments:                                  |       |                   |                  |                   |                  |
| Shares in related companies                   | 12(b) | 121,675           |                  | (29,796)          |                  |
| Loans to related companies                    | 12(c) | <u>63,000</u>     |                  | <u>88,000</u>     |                  |
|   |       |                   | <u>184,675</u>   |                   | <u>58,204</u>    |
|   |       |                   | 1,594,303        |                   | 1,132,135        |
| <b>CURRENT ASSETS</b>                         |       |                   |                  |                   |                  |
| Stocks  | 13    | 4,845,506         |                  | 3,297,911         |                  |
| Debtors                                       | 14,22 | 11,636,734        |                  | 10,733,507        |                  |
| Investments                                   | 15    | 2,682,145         |                  | 2,414,392         |                  |
| Cash at bank and in hand                      |       | <u>1,282,537</u>  |                  | <u>3,534,858</u>  |                  |
|   |       |                   | 20,446,922       |                   | 19,980,668       |
| <b>CREDITORS - AMOUNTS FALLING DUE</b>        |       |                   |                  |                   |                  |
| <b>WITHIN ONE YEAR</b>                        | 16    | <u>14,180,996</u> |                  | <u>13,241,815</u> |                  |
| <b>NET CURRENT ASSETS</b>                     |       |                   | <u>6,265,926</u> |                   | <u>6,738,853</u> |
| <b>Total assets less current liabilities</b>  |       |                   | 7,860,229        |                   | 7,870,988        |
| <b>Less: Non-current liabilities</b>          |       |                   |                  |                   |                  |
| <b>CREDITORS - AMOUNT FALLING DUE AFTER</b>   |       |                   |                  |                   |                  |
| <b>MORE THAN ONE YEAR</b>                     | 17    | 918,392           |                  | 542,862           |                  |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b> | 18    | <u>411,016</u>    |                  | <u>399,984</u>    |                  |
|   |       |                   | <u>1,329,408</u> |                   | <u>942,846</u>   |
|   |       |                   | 6,530,821        |                   | 6,928,142        |
| <b>CAPITAL AND RESERVES</b>                   |       |                   |                  |                   |                  |
| Called up share capital                       | 19    |                   | 6,700,000        |                   | 6,700,000        |
| Profit and loss account                       | 20    |                   | (397,353)        |                   | 237,916          |
| Capital Reserve                               | 21    |                   | 138,360          |                   | -                |
| Revaluation reserve                           | 22    |                   | <u>77,000</u>    |                   | <u>83,000</u>    |
|   |       |                   | 6,518,007        |                   | 7,020,916        |
| Minority interests                            |       |                   | <u>12,814</u>    |                   | <u>(92,774)</u>  |
|   |       |                   | 6,530,821        |                   | 6,928,142        |

} Directors

The notes on pages 8 to 19 form part of these financial statements.  
Auditors' report on page 3

HALCROW HOLDINGS LIMITED  
BALANCE SHEET - 30TH APRIL 1988

|                                       | Notes | 1988               |                  | 1987               |                  |
|---------------------------------------|-------|--------------------|------------------|--------------------|------------------|
|                                       |       | £                  | £                | £                  | £                |
| <b>FIXED ASSETS</b>                   |       |                    |                  |                    |                  |
| Investments:                          |       |                    |                  |                    |                  |
| Shares in subsidiaries                | 12(a) |                    | 5,504,128        |                    | 5,464,504        |
| <b>CURRENT ASSETS</b>                 |       |                    |                  |                    |                  |
| Debtors                               | 14    | 471,805            |                  | 389,000            |                  |
| Cash at bank                          |       | <u>5,226</u>       |                  | <u>901</u>         |                  |
|                                       |       |                    | 477,031          |                    | 389,901          |
| <b>CREDITORS-AMOUNTS FALLING</b>      |       |                    |                  |                    |                  |
| DUE WITHIN ONE YEAR                   | 16    |                    | <u>14,902</u>    |                    | <u>3,075</u>     |
| <b>NET CURRENT ASSETS</b>             |       |                    |                  |                    |                  |
|                                       |       |                    | <u>462,129</u>   |                    | <u>386,826</u>   |
| Total assets less current liabilities |       |                    | 5,966,257        |                    | 5,851,330        |
| <b>CREDITORS-AMOUNTS FALLING</b>      |       |                    |                  |                    |                  |
| DUE AFTER MORE THAN ONE YEAR          | 17    |                    | <u>398,750</u>   |                    | <u>325,000</u>   |
|                                       |       |                    | 5,567,507        |                    | 5,526,330        |
| <b>CAPITAL AND RESERVES</b>           |       |                    |                  |                    |                  |
| Called up share capital               | 19    | 6,700,000          |                  | 6,700,000          |                  |
| Profit and loss account               | 20    | <u>(1,132,493)</u> |                  | <u>(1,173,670)</u> |                  |
|                                       |       |                    | <u>5,567,507</u> |                    | <u>5,526,330</u> |

) )  
) Directors  
) )

The notes on pages 8 to 19 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 1988

|   | 1988             |                    | 1987               |                    |
|---|------------------|--------------------|--------------------|--------------------|
|   | £                | £                  | £                  | £                  |
| <b>SOURCE OF FUNDS</b>  |                  |                    |                    |                    |
| (Loss)/profit on ordinary activities before taxation                    |                  | (425,968)          |                    | 2,500,517          |
| Adjustment for items not including the movement of funds:               |                  |                    |                    |                    |
| Depreciation of tangible fixed assets                                   | 637,855          |                    | 481,193            |                    |
| Provisions for liabilities and charges (excluding deferred tax)         | 40,000           |                    | 128,000            |                    |
| Currency realignment on fixed assets                                    | 721              |                    | 197                |                    |
| Losses/(profits) attributable to minority interests                     | 5,107            |                    | (119)              |                    |
| Profit on sale of tangible fixed assets                                 | <u>(106,147)</u> |                    | <u>(41,928)</u>    |                    |
|   |                  | <u>577,536</u>     |                    | <u>356,343</u>     |
| <b>TOTAL GENERATED FROM OPERATIONS</b>                                  |                  | <u>151,568</u>     |                    | <u>3,067,860</u>   |
| <b>FUNDS FROM OTHER SOURCES</b>   |                  |                    |                    |                    |
| Proceeds from issue of debentures                                       | 73,750           |                    | 467,000            |                    |
| Reduction in loans to related companies                                 | 25,000           |                    | 22,566             |                    |
| Disposal of tangible fixed assets                                       | 189,481          |                    | 98,118             |                    |
| Decrease in minority interests  | 105,588          |                    | 12,225             |                    |
| Movement in shares in related companies                                 | <u>-</u>         |                    | <u>53,164</u>      |                    |
|   |                  | <u>393,819</u>     |                    | <u>653,073</u>     |
| <b>TOTAL SOURCE OF FUNDS</b>  |                  | <u>545,387</u>     |                    | <u>3,720,933</u>   |
| <b>APPLICATION/TRANSFER OF FUNDS</b>                                    |                  |                    |                    |                    |
| Purchase of tangible fixed assets                                       | 1,057,607        |                    | 283,467            |                    |
| Tax paid  | 254,886          |                    | 1,293,996          |                    |
| Movement in shares in related companies                                 | 151,471          |                    | -                  |                    |
| Reduction of loans  | -                |                    | 10,562             |                    |
| Redemption of debentures  | <u>-</u>         |                    | <u>142,000</u>     |                    |
|   |                  | <u>(1,463,964)</u> |                    | <u>(1,730,025)</u> |
|   |                  | (918,577)          |                    | 1,990,908          |
| <b>MOVEMENT IN WORKING CAPITAL</b>                                      |                  |                    |                    |                    |
| Decrease/(increase) in work in progress                                 | (1,547,595)      |                    | 821,444            |                    |
| (Increase)/decrease in debtors  | (732,975)        |                    | (1,368,025)        |                    |
| (Decrease)/increase in creditors (excluding taxation & bank overdrafts) | <u>855,956</u>   |                    | <u>(2,832,640)</u> |                    |
|   |                  | <u>(1,424,614)</u> |                    | <u>(3,379,221)</u> |
|   |                  | (2,343,191)        |                    | (1,388,313)        |
| <b>MOVEMENT IN NET LIQUID FUNDS</b>                                     |                  |                    |                    |                    |
| Increase in investments   | 267,753          |                    | 36,334             |                    |
| (Decrease)/increase in cash at bank and in hand                         | (2,252,321)      |                    | (1,260,421)        |                    |
| Increase in bank loans and overdrafts                                   | <u>(358,623)</u> |                    | <u>(164,226)</u>   |                    |
|   |                  | <u>(2,343,191)</u> |                    | <u>(1,388,313)</u> |

HALCROW HOLDINGS LIMITED  
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30TH APRIL 1988  
CONTINUED

The summary of the effect of the acquisition of Halcrow Severn Limited is as follows:

|                        | 1988<br>£'000s  |
|------------------------|-----------------|
| Tangible assets        | 33,455          |
| Net current assets     | <u>5,377</u>    |
|                        | 38,832          |
| Goodwill written off   | <u>16,168</u>   |
| Purchase consideration | 55,000<br>===== |

HALCROW HOLDINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES  
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1988

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 fees 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 to 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.

HALCROW HOLDINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES  
NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1988  
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 |   |                 |
| - 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:

|                               | 1988              |                  | 1987              |                  |
|-------------------------------|-------------------|------------------|-------------------|------------------|
|                               | Turnover          | Profit/(loss)    | Turnover          | Profit/(loss)    |
|                               | before tax        | before tax       | before tax        | before tax       |
|                               | £                 | £                | £                 | £                |
| (a) Principal Activities      |                   |                  |                   |                  |
| Civil engineering services    | 29,387,690        | (141,641)        | 24,899,078        | 3,108,167        |
| Offshore engineering services | 744,837           | (84,773)         | 551,446           | (155,934)        |
| Surveying services            | 2,950,581         | 150,106          | 2,669,276         | (42,975)         |
| Architectural services        | 421,489           | (349,660)        | 956,502           | (408,741)        |
|                               | <u>33,504,597</u> | <u>(425,968)</u> | <u>29,076,302</u> | <u>2,500,517</u> |

Included in turnover is £11,942,280 (1987: £14,123,359) 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 1988  
CONTINUED

|   | 1988              | 1987              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| (b) Geographical Analysis   |                   |                   |
| United Kingdom and Europe   | 21,262,088        | 17,467,352        |
| Middle East   | 3,406,136         | 2,900,121         |
| Far East  | 5,510,338         | 5,497,004         |
| Caribbean and North/Central America   | 559,221           | 1,016,560         |
| Africa  | 2,439,856         | 1,438,621         |
| Other   | <u>326,958</u>    | <u>756,644</u>    |
|   | <u>33,504,597</u> | <u>29,076,302</u> |
| 3 OPERATING (LOSS)/PROFIT   |                   |                   |
| Operating (loss)/profit is stated after charging:   |                   |                   |
| Auditors' remuneration (company £1,600; 1987 £1,525)  | 70,311            | 71,492            |
| Depreciation of tangible fixed assets   | 637,855           | 481,193           |
| Foreign exchange losses   | 231,272           | 102,431           |
| Bad debt provisions   | (70,289)          | 574,603           |
| Redundancy payments   | (2,678)           | 124,890           |
| and after crediting:  |                   |                   |
| Profit on sale of tangible fixed assets   | 106,147           | 41,928            |
| 4 EXCEPTIONAL ITEM  |                   |                   |
| Refund from pension scheme (see note 25)  | <u>—</u>          | <u>3,000,000</u>  |
| 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   | (7,222)           | (77,107)          |
| Halcrow-ULG Ltd   | 17,841            | 6,780             |
| Balfour-Halcrow Joint Venture   | —                 | 4,289             |
| British Metro Consultants Group   | (294,389)         | 179,567           |
| Halcrow Fox & Associates Ltd  | 244,812           | 109,436           |
| Alistair, Tucker, Murray, Halcrow & Associates Ltd.   | (15,819)          | (31,737)          |
| Others  | <u>(1,283)</u>    | <u>(1,523)</u>    |
|   | <u>(56,060)</u>   | <u>189,705</u>    |
| 6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME  |                   |                   |
| Interest - fixed interest securities  | 169,935           | 174,181           |
| Other interest receivable   | 145,739           | 130,781           |
| Profit on sale of fixed interest securities   | <u>26,442</u>     | <u>35,787</u>     |
|   | <u>342,116</u>    | <u>340,749</u>    |
| 7 INTEREST PAYABLE AND SIMILAR CHARGES  |                   |                   |
| Interest payable on sums wholly repayable within five years   | 335,301           | 261,260           |

**HALCROW HOLDINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES**  
**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1988**  
**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

|   | 1988<br>Number | 1987<br>Number |
|---|----------------|----------------|
| Civil and offshore engineering services | 875            | 741            |
| Surveying services                      | 102            | 117            |
| Architectural services                  | 12             | 22             |
|   | <u>989</u>     | <u>880</u>     |

|   | 1988<br>£         | 1987<br>£         |
|---|-------------------|-------------------|
| (b) Group employment costs:   |                   |                   |
| Aggregate gross wages and salaries paid to group employees          | 14,382,730        | 11,458,623        |
| Employers' national insurance contributions, or foreign equivalents | 981,956           | 739,504           |
| Employers' pension contributions under group pension schemes        | 599,870           | 324,670           |
|   | <u>15,964,556</u> | <u>12,522,797</u> |

## 9 DIRECTORS' EMOLUMENTS

None of the directors of Halcrow Holdings Ltd received emoluments for their services as directors of the company (1987: £NIL).

## 10 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

|  |                  |                  |
|--|------------------|------------------|
| UK Corporation tax based on the results for the year at 35% (35% 1987) | (183,510)        | (77,487)         |
| Transfer (from) deferred taxation                                      | (28,968)         | (43,814)         |
| Tax credit on U.K. dividends receivable                                | -                | 16,846           |
|  | <u>(212,478)</u> | <u>(104,455)</u> |
| Non-UK taxation  | 209,168          | 140,104          |
|  | <u>(3,310)</u>   | <u>35,649</u>    |
| Share of related companies' tax charge                                 | 85,358           | 8,556            |
| Exceptional item at 40% (See note 25)                                  | -                | 1,200,000        |
|  | <u>82,048</u>    | <u>1,244,205</u> |

## 11 TANGIBLE FIXED ASSETS

|                          | Short<br>Leasehold<br>Property<br>£ | Motor<br>Vehicles<br>£ | Furniture<br>and<br>Equipment<br>£ | Total<br>£       |
|--------------------------|-------------------------------------|------------------------|------------------------------------|------------------|
| <u>COST OR VALUATION</u> |                                     |                        |                                    |                  |
| At 1st May 1987          | 13,504                              | 711,000                | 3,955,382                          | 4,679,886        |
| Additions                | -                                   | 409,186                | 621,266                            | 1,030,452        |
| Companies acquired       | -                                   | 42,248                 | 31,302                             | 73,550           |
| Currency realignment     | (1,594)                             | (524)                  | (5,467)                            | (7,585)          |
| Disposals                | -                                   | (272,776)              | (19,981)                           | (292,757)        |
| At 30th April 1988       | <u>11,910</u>                       | <u>889,134</u>         | <u>4,582,502</u>                   | <u>5,483,546</u> |

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|                       | Short<br>Leasehold<br>Property<br>£ | Motor<br>Vehicles<br>£ | Furniture<br>and<br>Equipment<br>£ | Total<br>£ |
|-----------------------|-------------------------------------|------------------------|------------------------------------|------------|
| <b>DEPRECIATION</b>   |                                     |                        |                                    |            |
| At 1st May 1987       | 13,503                              | 338,423                | 3,254,029                          | 3,605,955  |
| Companies acquired    | -                                   | 18,817                 | 21,278                             | 40,095     |
| Charge for year       | -                                   | 183,746                | 460,409                            | 644,155    |
| Currency realignment  | (1,594)                             | (185)                  | (5,085)                            | (6,864)    |
| Disposals             | ..                                  | (195,560)              | (13,863)                           | (209,423)  |
| At 30th April 1988    | 11,909                              | 345,241                | 3,716,768                          | 4,073,918  |
| <b>NET BOOK VALUE</b> |                                     |                        |                                    |            |
| At 30th April 1988    | 1                                   | 543,893                | 865,734                            | 1,409,628  |
| At 30th April 1987    | 1                                   | 372,577                | 701,353                            | 1,073,931  |

12 **FIXED ASSETS INVESTMENTS**

|                                       | 1988<br>£   | 1987<br>£   |
|---------------------------------------|-------------|-------------|
| <b>(a) Investment in subsidiaries</b> |             |             |
| Investment at cost, 1st May 1987      | 6,626,633   | 6,627,235   |
| Additions in year:                    |             |             |
| Sir William Halcrow & Partners Ltd    | -           | -           |
| Halcrow Middle East Ltd               | 53          | -           |
| Dormant companies struck off          | -           | (602)       |
|                                       | 6,626,686   | 6,626,633   |
| Less: Provisions against investments  |             |             |
| Sir William Halcrow & Partners Ltd.   | -           | (1,157,508) |
| Halcrow Middle East Ltd.              | (4,878)     | (4,621)     |
| Halcrow Staff & Services              | (1,117,680) | -           |
|                                       | 5,504,128   | 5,464,504   |

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

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| (b) <u>Investment in related companies</u>                               | 1988             | 1987            |
|--|------------------|-----------------|
|  | £                | £               |
| Shares at cost   | 59,366           | 59,366          |
| Group's share of post acquisition retained profits/(losses) and reserves | <u>62,309</u>    | <u>(89,162)</u> |
|  | <u>121,675</u>   | <u>(29,796)</u> |
|  |                  |                 |
| Halcrow Fox & Associates Ltd.<br>(England)                               | Ordinary 'B' 50% |                 |
|  | £1 shares        |                 |
| Alistair Tucker, Murray, Halcrow<br>& Associates Ltd (England)           | Ordinary 'B' 50% |                 |
|  | £1 shares        |                 |
| Halcrow-Balfour Ltd<br>(England)   | Ordinary 'A' 50% |                 |
|  | £1 shares        |                 |
| Halcrow-ULG Ltd<br>(England)   | Ordinary 50%     |                 |
|  | £1 shares        |                 |
| Shortlands Computing Services Ltd<br>(England)                           | Preference 18%   |                 |
|  | £1 shares        |                 |

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

| (c) <u>Loans to related companies</u>         | 1988          | 1987          |
|---|---------------|---------------|
|   | £             | £             |
| Halcrow Fox & Associates Ltd.                 | -             | 50,000        |
| Alistair Tucker, Murray, Halcrow & Assoc. Ltd | 51,500        | 26,500        |
| Global Renewable Energy Services Ltd          | <u>11,500</u> | <u>11,500</u> |
|   | <u>63,000</u> | <u>88,000</u> |

13

STOCKS

| (a) Long term contract work in progress | 54,165,304          | 44,853,059          |
|---|---------------------|---------------------|
| Progress payments received & receivable | <u>(49,319,798)</u> | <u>(41,555,148)</u> |
|   | <u>4,845,506</u>    | <u>3,297,911</u>    |

- (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.

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| 14  | DEBTORS   | 1988             |                   | 1987             |                   |
|-----|---|------------------|-------------------|------------------|-------------------|
|     |   | The Company<br>£ | The Group<br>£    | The Company<br>£ | The Group<br>£    |
|     | Amounts falling due within one year:  |                  |                   |                  |                   |
|     | Trade debtors   | -                | 7,861,955         | -                | 7,131,264         |
|     | Amounts owed by group companies   | 466,503          | -                 | 389,000          | -                 |
|     | Amounts owed by affiliated firms<br>(see note 1(i))                                     | 5,302            | 560,865           | -                | 209,908           |
|     | Amounts owed by related companies   | -                | 542,154           | -                | 717,314           |
|     | Other debtors   | -                | 2,237,036         | -                | 2,313,236         |
|     | Prepayments and accrued income  | -                | 264,472           | -                | 361,785           |
|     | Corporation tax recoverable   | -                | 170,252           | -                | -                 |
|     |   | <u>471,805</u>   | <u>11,636,734</u> | <u>389,000</u>   | <u>10,733,507</u> |
|     |   | =====            | =====             | =====            | =====             |
| 15  | INVESTMENTS   |                  |                   |                  |                   |
|     | Listed UK government securities<br>at cost (market value £2,682,145<br>1987:£2,424,113) | -                | 2,682,145         | -                | 2,414,392         |
|     |   | =====            | =====             | =====            | =====             |
| 16  | CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR   |                  |                   |                  |                   |
|     |   | 1988             |                   | 1987             |                   |
|     |   | The Company<br>£ | The Group<br>£    | The Company<br>£ | The Group<br>£    |
| (a) | Bank loans and overdrafts   | -                | 3,484,411         | -                | 3,125,788         |
|     | Bills in advance  | -                | 4,358,426         | -                | 4,252,329         |
|     | Trade creditors   | -                | 1,327,875         | -                | 1,630,509         |
|     | Amounts owed to affiliated firms<br>(see note 1(i))                                     | 4,897            | 4,897             | 400              | 339,337           |
|     | Amounts owed to related companies   | -                | 325,657           | -                | 33,408            |
|     | Other creditors including taxation<br>and social security (see (b) below)               | 8,405            | 1,727,539         | -                | 1,548,209         |
|     | Accruals and deferred income  | <u>1,600</u>     | <u>2,952,191</u>  | <u>2,675</u>     | <u>2,312,235</u>  |
|     |   | <u>14,902</u>    | <u>14,180,996</u> | <u>3,075</u>     | <u>13,241,815</u> |
|     |   | =====            | =====             | =====            | =====             |
| (b) | Other creditors including taxation and social security is made up as follows:           |                  |                   |                  |                   |
|     | Income Tax  | 8,405            | -                 | -                | -                 |
|     | United Kingdom Corporation Tax  | -                | -                 | -                | 11,660            |
|     | Non-UK tax  | -                | 282,708           | -                | 244,666           |
|     |   | <u>8,405</u>     | <u>282,708</u>    | -                | <u>256,326</u>    |
|     | Social Security   | -                | 472,062           | -                | 401,224           |
|     | Other   | -                | 972,769           | -                | 890,659           |
|     |   | <u>8,405</u>     | <u>1,727,539</u>  | -                | <u>1,548,209</u>  |
|     |   | =====            | =====             | =====            | =====             |
| 17  | CREDITORS-AMOUNTS DUE AFTER MORE THAN ONE YEAR  |                  |                   |                  |                   |
|     | Debenture Loans   | 398,750          | 398,750           | 325,000          | 325,000           |
|     | Other Loans:  |                  |                   |                  |                   |
|     | Royscott Trust Ltd  | -                | 136,636           | -                | -                 |
|     | Clyde Petroleum plc   | -                | -                 | -                | 120,000           |
|     | Ewbank & Partners   | -                | -                 | -                | 97,862            |
|     | Parlan Associates   | -                | 375,000           | -                | -                 |
|     | Other   | -                | 8,006             | -                | -                 |
|     |   | <u>398,750</u>   | <u>918,392</u>    | <u>325,000</u>   | <u>542,862</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<br>£ | The Group<br>£ |
|--|------------------|----------------|
| Balance at 1 May 1987  | 325,00           | 325,000        |
| Issued in the year   | 73,750           | 73,750         |
| Redeemed in the year   | —                | —              |
| Balance at 30th April, 1988  | <u>398,750</u>   | <u>398,750</u> |
| Repayable otherwise than<br>by instalments in more<br>than five years: | <u>130,400</u>   | <u>130,400</u> |

|   | 1988             |                | 1987             |                |
|---|------------------|----------------|------------------|----------------|
|   | The Company<br>£ | The Group<br>£ | The Company<br>£ | The Group<br>£ |
| Other Loans   |                  |                |                  |                |
| Amounts repayable more than five<br>years hence, otherwise than by<br>instalments | —                | 375,000        | —                | 97,862         |
| Amounts repayable by instalments<br>in less than five years hence                 | <u>—</u>         | <u>144,642</u> | <u>—</u>         | <u>120,000</u> |
|   | —                | <u>519,642</u> | —                | <u>217,862</u> |

### 18 PROVISIONS FOR LIABILITIES AND CHARGES

|   |          |                |          |                |
|---|----------|----------------|----------|----------------|
| (a) Provision for excesses on<br>insurance claims   | —        | 388,000        | —        | 348,000        |
| Taxation, including deferred<br>taxation (note (b)) | <u>—</u> | <u>23,016</u>  | <u>—</u> | <u>51,984</u>  |
|   | —        | <u>411,016</u> | —        | <u>399,984</u> |

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(b) Taxation, including deferred taxation

|   | 1988             |                | 1987             |                |
|---|------------------|----------------|------------------|----------------|
|   | The Company<br>£ | The Group<br>£ | The Company<br>£ | The Group<br>£ |
| Corporation tax on accelerated capital allowance in the group | -                | 23,016         | -                | 51,984         |
|   | -                | <u>23,016</u>  | -                | <u>51,984</u>  |

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

|   | Insurance<br>Excesses<br>£ | Deferred<br>Taxation<br>£ |
|---|----------------------------|---------------------------|
| Balance at 1st May 1987                     | 348,000                    | 51,984                    |
| Transfers from/(to) Profit and Loss account | <u>40,000</u>              | <u>(28,968)</u>           |
| Balance at 30th April 1988                  | <u>388,000</u>             | <u>23,016</u>             |

19 SHARE CAPITAL

Ordinary shares of £1 each

|                                 | 1988<br>£  | 1987<br>£  |
|---------------------------------|------------|------------|
| Authorised                      | 12,000,000 | 12,000,000 |
| 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<br/>Holdings</u><br>£ | <u>Subsidiary<br/>Companies</u><br>£ | <u>Related<br/>Companies</u><br>£ | <u>Total</u><br>£ |
|------------------------------|----------------------------------|--------------------------------------|-----------------------------------|-------------------|
| At 1st May 1987              | (1,173,670)                      | 1,500,748                            | (89,162)                          | 237,916           |
| Retained profit for the year | 41,177                           | (689,557)                            | 151,471                           | (496,909)         |
| Transfer to capital reserve  | -                                | (138,360)                            | -                                 | (138,360)         |
| At 30th April 1988           | <u>(1,132,493)</u>               | <u>672,831</u>                       | <u>62,309</u>                     | <u>(397,353)</u>  |

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 companies in the figures for Halcrow Holdings Ltd.

21 CAPITAL RESERVE

Following a reduction in capital by a subsidiary company, any profits earned by that company subsequent to the capital reduction, must, under the terms of a court order be credited to a Special Capital Reserve. This reserve may not be treated as realised profits until all debts or claims outstanding against the company at the time of the capital reduction have been settled.

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|    |                                     |             |               |
|----|-------------------------------------|-------------|---------------|
| 22 | REVALUATION RESERVE                 | 1988        | 1987          |
|    |                                     | The Company | The Company   |
|    |                                     | The Group   | The Group     |
|    |                                     | £           | £             |
|    | Balance at 1st May 1987             | -           | 83,000        |
|    | Transfer to Profit and Loss Account | -           | (6,000)       |
|    |                                     | <u>-</u>    | <u>77,000</u> |
|    |                                     | =====       | =====         |

## 22 OVERSEAS ASSETS

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

|                  |              |              |
|------------------|--------------|--------------|
|                  | 1988         | 1987         |
|                  | £'000s       | £'000s       |
| Debtors          | 1,005        | 1,184        |
| Work in progress | 34           | 12           |
| Cash             | 85           | 95           |
|                  | <u>1,124</u> | <u>1,291</u> |
| Provision        | (908)        | (801)        |
|                  | <u>216</u>   | <u>490</u>   |
|                  | =====        | =====        |

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 £308K in Libya and transferred £190K to the United Kingdom. Subsequent to the year end a further £62K was received in Libya.

In recognition of the difficult political and economic environment for UK companies operating in Libya a further provision of £107K has been made this financial year against the above assets, making a total provision of £908K. Additionally, included in taxation provisions is an amount of £75K (1987 £49K) together with a further £2K (1987 £175K) provided by an affiliated firm and outstanding payments due to sub-consultants 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.

## 24 CAPITAL COMMITMENTS

Capital expenditure authorised at 30th April 1988 but not provided in these financial statements amounted to £54K (1987: £NIL).

## 25 CONTINGENT LIABILITIES

Guarantees given to banks for performance bonds and advance payments outstanding at 30th April 1988 totalled £999,183 (1987: £259,448). These were partly secured.

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26 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 April 1987 disclosed that the excess of scheme assets over liabilities, calculated in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, had reached 25%. In view of this surplus, the existing pensions holiday was extended for a further 12 months to 30 June 1989 and the trustees of the scheme applied to the Superannuation Funds Office for a refund of £3,000,000. Although the refund had not been received as at 30 April 1987, the company took credit for the £3,000,000 in the accounts for the year then ended as the directors regarded authorisation as imminent and the application had been initiated prior to 30 April 1987. Although the trustees have applied to the Occupational Pensions Board for an order modifying the provisions of the pension scheme so as to enable the refund, no regulations enabling the board to make such an order yet exist. The directors of the company still consider that the refund will ultimately be received and accordingly it is carried forward in debtors

at 30 April, 1988, net of tax of £1,200,000.

The benefit to the group of the pensions holiday was £693,000 (1987 : £777,000). As in previous years, the group has made contributions to the scheme in respect of cases where the charge rate to clients includes the cost of pension contributions.

27 ASSETS PLEDGED

The group has lodged investments (gilt edged securities) to the value of £1,513,803 (1987: £1,482,863) as security for a bank loan.

Auditors' report on page 3