

1674044

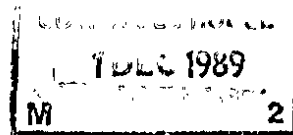
HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH APRIL 1989



HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH APRIL 1989

1. The directors present their annual report and the audited financial statements for the year ended 30th April 1989.

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

A significant proportion of the turnover of the principal subsidiary, Sir William Halcrow & Partners Ltd consists of work subcontracted from The Halcrow Partnership, an affiliated firm. Turnover of £7,832,593 (1988: £11,942,280) arose from this source.

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:-

M S Fletcher	T D Casey
R W Rothwell	D O Lloyd
A R Kopec	A C Cadwallader
D Buckley	V J W Hoad
H G Johnson (appointed 1/5/88)	D J Pollock (appointed 1/5/88)

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 10 and 11 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 £3,655 (1988 £3,710).

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.

By Order of the Board

Vineyard House
44 Brook Green
London W6 7BY

18th October, 1989


A C Cadwallader
Secretary

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 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 1989, and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London
18th October, 1989

Coopers & Lybrand
Chartered Accountants

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 1989

	Notes	1989 f	1988 f
Turnover	2	42,965,326	33,504,597
Cost of sales		<u>(29,391,396)</u>	<u>(22,957,079)</u>
Gross profit		13,573,930	10,547,518
Administrative expenses		<u>(13,809,846)</u>	<u>(10,924,241)</u>
Operating loss	3	(235,916)	(376,723)
Share of profits/(losses) of related companies	4	80,920	(56,060)
Other interest receivable and similar income	5	245,622	347,512
Amounts written off investments		<u>(33,895)</u>	<u>(5,396)</u>
		292,647	286,056
Interest payable and similar charges	6	<u>(477,530)</u>	<u>(335,301)</u>
(Loss) on ordinary activities before taxation		(420,799)	(425,968)
Tax on (loss) on ordinary activities	9	<u>(468,475)</u>	<u>(82,048)</u>
(Losses) on ordinary activities after tax		(889,274)	(508,016)
Losses/(profits) attributable to minority interests		<u>(10,787)</u>	<u>5,107</u>
(Loss) for the year		(900,061) =====	(502,909) =====

STATEMENT OF CONSOLIDATED RETAINED (LOSSES)/PROFITS

Accumulated (losses)/profits at 1st May 1988		(397,353)	237,916
(Loss) for the year		(900,061)	(502,909)
Transfer from Revaluation Reserve	21	-	6,000
Transfer to Capital Reserve	20	<u>-</u>	<u>(138,360)</u>
Accumulated (losses) at 30th April 1989	19	(1,297,414) =====	(397,353) =====

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 1989

	Notes	1989		1988	
		f	f	f	f
FIXED ASSETS					
Tangible assets	10		1,684,475		1,409,628
Investments:					
Shares in related companies	11(b)	282,806		121,675	
Loans to related companies	11(c)	<u>63,000</u>		<u>63,000</u>	
			<u>345,806</u>		<u>184,675</u>
			2,030,281		1,594,303
CURRENT ASSETS					
Stocks	12	5,877,876		4,845,506	
Debtors	13,22	11,686,399		11,636,734	
Investments	14	2,156,745		2,682,145	
Cash at bank and in hand		<u>3,502,435</u>		<u>1,282,537</u>	
			23,223,455		20,446,922
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>17,817,699</u>		<u>14,180,996</u>	
NET CURRENT ASSETS			<u>5,405,756</u>		<u>6,265,926</u>
Total assets less current liabilities			7,436,037		7,860,229
Less: Non-current liabilities					
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	917,466		918,392	
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>376,953</u>		<u>411,016</u>	
			<u>1,294,419</u>		<u>1,329,408</u>
			6,141,618		6,530,821
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	18		7,200,000		6,700,000
Profit and loss account	19		(1,297,414)		(397,353)
Capital reserve	20		138,360		138,360
Revaluation reserve	21		<u>77,000</u>		<u>77,000</u>
			6,117,946		6,518,007
Minority interests			<u>23,672</u>		<u>12,814</u>
			6,141,618		6,530,821
			=====		=====

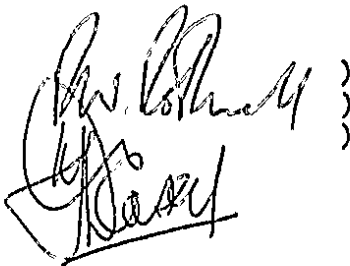
W. Colwell
J. G. G. G.

) Directors

) 18.10.89.

HALCROW HOLDINGS LIMITEDBALANCE SHEET - 30TH APRIL 1989

	<u>Notes</u>	<u>1989</u>		<u>1988</u>	
		£	£	£	£
FIXED ASSETS					
Investments:					
Shares in subsidiaries	11(a)		6,024,556		5,504,128
CURRENT ASSETS					
Debtors	13	343,000		471,805	
Cash at bank		<u>324</u>		<u>5,226</u>	
		343,324		477,031	
CREDITORS--AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>77,526</u>		<u>14,902</u>	
NET CURRENT ASSETS			<u>265,798</u>		<u>462,129</u>
Total assets less current liabilities			6,290,354		5,966,257
CREDITORS--AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		<u>214,900</u>		<u>398,750</u>
			6,075,454		5,567,507
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	18	7,200,000		6,700,000	
Profit and loss account	19	<u>(1,124,546)</u>		<u>(1,132,493)</u>	
			6,075,454		5,567,507
			=====		=====


 } 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 1989)

	1989		1988
	£	£	£
SOURCE OF FUNDS			
(Loss) on ordinary activities before taxation		(420,799)	(125,968)
Adjustment for items not including the movement of funds:			
Depreciation of tangible fixed assets	616,730		637,855
Provisions for liabilities and charges (excluding deferred tax)	(11,047)		40,000
Currency realignment on fixed assets	(750)		721
Losses/(profits) attributable to minority interests	(10,787)		5,107
Profit on sale of tangible fixed assets	<u>(31,859)</u>		<u>(106,147)</u>
		<u>562,287</u>	<u>577,526</u>
TOTAL GENERATED FROM OPERATIONS		141,488	151,568
FUNDS FROM OTHER SOURCES			
Proceeds from issue of shares	500,000		-
Proceeds from issue of debentures	18,400		73,750
Reduction in loans to related companies	-		25,000
Disposal of tangible fixed assets	86,565		189,481
Increase in minority interests	<u>10,858</u>		<u>105,588</u>
		<u>615,823</u>	<u>393,819</u>
TOTAL SOURCE OF FUNDS		757,311	545,387
APPLICATION/TRANSFER OF FUNDS			
Purchase of tangible fixed assets	945,535		1,057,607
Tax paid	249,610		254,886
Movement in shares in related companies	161,131		151,471
Redemption of debentures	<u>202,250</u>		<u>-</u>
		<u>(1,558,526)</u>	<u>(1,463,964)</u>
		(801,215)	(918,577)
MOVEMENT IN WORKING CAPITAL			
(Increase) in work in progress	(1,032,370)		(1,547,595)
(Increase) in debtors	(119,735)		(732,975)
Increase in creditors (excluding Taxation & bank overdrafts)	<u>4,864,640</u>		<u>855,956</u>
		<u>3,712,535</u>	<u>(1,424,614)</u>
		2,911,320	(2,343,191)
		=====	=====
MOVEMENT IN NET LIQUID FUNDS			
(Decrease)/increase in investments	(525,400)		267,753
Increase/(decrease) in cash at bank and in hand	2,219,894		(2,252,321)
Decrease/(increase) in bank loans and overdrafts	<u>1,216,822</u>		<u>(358,623)</u>
		2,911,320	(2,343,191)
		=====	=====

Auditors' report on page 3.

HALCROW HOLDING LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989

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 dispensation 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.

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

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

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:

	<u>1989</u>		<u>1988</u>	
	Turnover	Profit/(loss)	Turnover	Profit/(loss)
	before tax	before tax	before tax	before tax
	£	£	£	£
(a) Principal Activities				
Civil engineering services	38,935,182	172,281	29,387,690	(141,641)
Offshore engineering services	696,344	(116,527)	744,837	(84,773)
Surveying services	3,327,800	(31,803)	2,950,581	150,106
Architectural services	<u>6,000</u>	<u>(444,750)</u>	<u>421,489</u>	<u>(349,660)</u>
	42,965,326	(420,799)	33,504,597	(425,968)
	=====	=====	=====	=====

Included in turnover is £7,832,593 (1988: £11,942,280) 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 1989
CONTINUED

	<u>1989</u>	<u>1988</u>
	£	£
(b) Geographical Analysis		
United Kingdom and Europe	32,041,094	21,262,088
Middle East	2,145,712	3,406,136
Far East	5,006,294	5,510,338
Caribbean and North/Central America	506,444	559,221
Africa	2,930,609	2,439,856
Other	<u>335,173</u>	<u>326,958</u>
	42,965,326	33,504,597
	=====	=====
3. OPERATING (LOSS)		
Operating (loss) is stated after charging/(crediting):		
Auditors' remuneration (company £1,750 1988 £1,600)	67,698	70,311
Depreciation of tangible fixed assets	616,730	637,855
Foreign exchange losses	-	231,272
Bad debt provisions	901,059	(70,289)
Redundancy payments	NIL	(2,678)
	=====	=====
and after crediting:		
Profit on sale of tangible fixed assets	31,859	106,147
Foreign exchange profits	6,717	-
	=====	=====
4. 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 Gilbert & Associates Ltd	(2,631)	-
Halcrow-Balfour Ltd	(3,562)	(7,222)
Halcrow-ULG Ltd	-	17,841
British Metro Consultants Group	(49,600)	(294,389)
Halcrow Fox & Associates Ltd	161,207	244,812
Alistair Tucker, Halcrow & Associates Ltd	(40)	(15,819)
SFT Ltd	(22,437)	-
Others	<u>(2,017)</u>	<u>(1,283)</u>
	80,920	(56,060)
	=====	=====
5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest on fixed interest securities	149,470	169,935
Other interest receivable	87,657	145,739
Profit on sale of fixed interest securities	<u>8,495</u>	<u>31,838</u>
	245,622	347,512
	=====	=====
6. INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable on sums wholly repayable within five years	477,530	335,301
	=====	=====

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

7. EMPLOYEE INFORMATION

(a) The average number of persons employed by the group, including directors, during the year is analyzed below:

By Principal Activity	<u>1989</u> Number	<u>1988</u> Number
Civil and offshore engineering services	1,050	875
Surveying services	109	102
Architectural services	<u>11</u>	<u>12</u>
	1,170	989
	=====	===
	<u>1989</u>	<u>1988</u>
	£	£

(b) Group employment costs:

Aggregate gross wages and salaries paid to group employees	19,428,290	14,382,730
Employers' national insurance contributions, or foreign equivalents	1,476,487	981,956
Employers' pension contributions under group pension schemes	<u>609,489</u>	<u>599,870</u>
	21,514,266	15,964,556
	=====	=====

8. DIRECTORS' EMOLUMENTS

None of the directors of Halcrow Holdings Ltd received emoluments for their services as directors of the company (1988: £NIL).

9. TAX ON (LOSS) ON ORDINARY ACTIVITIES

UK Corporation tax based on the results for the year at 35% (35% 1988)	(47,812)	(183,510)
Transfer (from) deferred taxation	(23,016)	(28,968)
Increase in Income Tax	<u>2,869</u>	<u>-</u>
	(67,959)	(212,478)
Non-UK taxation	<u>472,095</u>	<u>209,168</u>
	404,136	(3,310)
Share of related companies' tax charge	<u>64,339</u>	<u>85,358</u>
	468,475	82,048
	=====	=====

10. TANGIBLE FIXED ASSETS

	<u>Short</u> <u>Leasehold Property</u> £	<u>Motor</u> <u>Vehicles</u> £	<u>Furniture</u> <u>And</u> <u>Equipment</u> £	<u>Total</u> £
<u>COST OR VALUATION</u>				
At 1st May 1988	11,909	889,133	4,582,502	5,483,544
Additions	-	235,811	709,724	945,535
Currency realignment	1,440	624	5,094	7,158
Disposals	-	(131,595)	(59,565)	(191,160)
At 30th April 1989	<u>13,349</u>	<u>993,973</u>	<u>5,237,755</u>	<u>6,245,077</u>
	=====	=====	=====	=====

HALCROW HOLDING LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

	<u>Short Leasehold Property</u>	<u>Motor Vehicles</u>	<u>Furniture And Equipment</u>	<u>Total</u>
	£	£	£	£
<u>DEPRECIATION</u>				
At 1st May 1988	11,909	345,549	3,716,768	4,074,226
Charge for year	-	224,607	392,123	616,730
Currency realignment	1,440	281	4,687	6,408
Disposals	-	(88,992)	(47,462)	(136,454)
At 30th April 1989	<u>13,349</u>	<u>481,445</u>	<u>4,066,116</u>	<u>4,560,910</u>

	<u>0</u>	<u>512,836</u>	<u>1,171,639</u>	<u>1,684,475</u>
<u>NET BOOK VALUE</u>				
At 30th April 1989	0	512,836	1,171,639	1,684,475
At 30th April 1988	<u>0</u>	<u>543,892</u>	<u>865,736</u>	<u>1,409,628</u>

11. **FIXED ASSETS INVESTMENTS**

(a) <u>Investment in subsidiaries</u>	<u>1989</u>	<u>1988</u>
	£	£
Investment at cost, 1st May 1988	6,626,686	6,626,633
Additions in year:		
Sir William Halcrow & Partners Ltd	500,000	-
Halcrow Middle East Ltd	-	53
Halcrow (SEA) Ltd	10,000	-
Halcrow Europe Ltd	<u>10,000</u>	<u>-</u>
	7,146,686	6,626,686
Less: Provisions against investments:		
Sir William Halcrow & Partners Ltd	-	-
Halcrow Middle East Ltd	(4,450)	(4,878)
Halcrow Staff & Services	<u>(1,117,680)</u>	<u>(1,117,680)</u>
	<u>6,024,556</u>	<u>5,504,128</u>

<u>Name of Company and Country of Registration</u>	<u>Description of shares held</u>	<u>Proportion of nominal value 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 activity of the principal subsidiary, Sir William Halcrow & Partners Ltd, is the supply of consulting civil engineering services.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

	1989	1988
	£	£
(b) Investment in related companies		
Shares at cost	261,743	59,366
Group's share of post acquisition retained profits/(losses) and reserves	<u>21,063</u>	<u>62,309</u>
	<u>282,806</u>	<u>121,675</u>
	=====	=====
Halcrow Fox & Associates Ltd (England)	Ordinary 'A' £1 shares	50%
Alistair Tucker, Halcrow & Associates Ltd (England)	Ordinary 'B' £1 shares	50%
Halcrow-Balfour Ltd (England)	Ordinary 'A' £1 shares	50%
Halcrow-ULG Ltd (England)	Ordinary £1 shares	50%
SFT Ltd (England)	Ordinary £1 shares	25%
SFT Ltd (England)	Preferential £1 shares	100%
Halcrow Gilbert Associates Ltd (England)	Ordinary £1 shares	50%
Hott Halcrow Ltd (England)	Ordinary £1 shares	50%
Global Renewable Energy Services Ltd (England)	Ordinary £1 shares	50%

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

- (i) Halcrow Fox & Associates Ltd - planning and transportation consultants
- (ii) Alistair Tucker Halcrow & Associates Ltd - management consultants
- (iii) Halcrow-Balfour Ltd - public health engineering consultants
- (iv) SFT Ltd - provide information technology services
- (v) Halcrow Gilbert Associates Ltd - provide consultancy services for electrical and mechanical engineering projects

	1989	1988
	£	£
(c) <u>Loans to related companies</u>		
Alistair Tucker, Halcrow & Associates Ltd	£1,500	51,500
Global Renewable Energy Services Ltd	<u>11,500</u>	<u>11,500</u>
	<u>63,000</u>	<u>63,000</u>
	=====	=====

12. STOCKS

(a) Long term contract work in progress	61,494,757	54,165,304
Progress payments received & receivable	<u>(55,616,881)</u>	<u>(49,319,798)</u>
	<u>5,877,876</u>	<u>4,845,506</u>
	=====	=====

**HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED**

- (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.

13. DEBTORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
Trade debtors	-	9,658,341	-	7,861,955
Amounts owed by group companies	343,000	-	466,503	-
Amounts owed by affiliated firms (see note 1(i))	-	117,410	5,302	560,865
Amounts owed by related companies	-	164,949	-	542,154
Other debtors	-	1,336,972	-	2,237,036
Prepayments and accrued income	-	308,545	-	264,472
Corporation tax recoverable	-	100,182	-	170,252
	<u>343,000</u>	<u>11,686,399</u>	<u>471,805</u>	<u>11,636,734</u>

14. INVESTMENTS

Listed UK government securities
at lower of cost or market value
(market value £2,156,745
1988: £2,682,145)

-	2,156,745	-	2,682,145
---	-----------	---	-----------

15. CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
(a) Bank loans and overdrafts	-	2,084,656	-	3,484,411
Bills in advance	-	6,278,220	-	4,358,426
Trade creditors	-	879,034	-	1,327,875
Amounts owed to group companies	28,303	-	-	-
Amounts owed to affiliated firms (see note 1(i))	44,539	1,319,952	4,897	4,897
Amounts owed to related companies	-	115,265	-	325,657
Other creditors including taxation and social security (see (b) below)	1,334	2,732,591	8,405	1,727,539
Accruals and deferred income	3,350	4,407,973	1,600	2,952,191
	<u>77,526</u>	<u>17,817,699</u>	<u>14,902</u>	<u>14,180,996</u>

HALCROW HOLDINGS LTD
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

(b) Other creditors including taxation and social security is made up as follows:

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
Income Tax	1,334	-	8,405	-
United Kingdom Corporation Tax	-	(100,182)	-	-
Non-UK Tax	-	454,519	-	282,708
	1,334	354,337	8,405	282,708
Social Security	-	590,219	-	472,062
Other	-	1,687,853	-	972,769
	1,334	2,632,409	8,405	1,727,539
	=====			

16. CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
Debenture Loans	214,900	214,900	398,750	398,750
Other Loans:				
Royscott Trust Ltd	-	300,692	-	136,636
Hewlett Packard Ltd	-	23,668	-	-
Parlan Associates	-	375,000	-	375,000
Other	-	3,206	-	8,006
	214,900	917,466	398,750	918,392
	=====			

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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

The movements on debentures were as follows:

	The Company £	The Group £
Balance at 1st May 1988	398,750	398,750
Issued in the year	18,400	18,400
Redeemed in the year	(202,250)	(202,250)
Balance at 30th April 1989	214,900	214,900
	=====	=====
Repayable otherwise than by instalments in more than five years	86,900	86,900
	=====	=====

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
Other Loans				
Amounts repayable more than five years hence, otherwise than by instalments	-	375,000	-	375,000
Amounts repayable by instalments in less than five years hence	-	327,575	-	144,642
	-	702,575	-	519,642
	=====	=====	=====	=====

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
(a) Provision for excesses on insurance claims	-	373,000	-	388,000
Taxation, including deferred taxation (note (b))	-	-	-	23,016
Other	-	3,953	-	-
	-	376,953	-	411,016
	=====	=====	=====	=====
(b) Taxation, including deferred taxation				
Corporation tax on accelerated capital allowances in the group	-	-	-	23,016
	-	-	-	23,016
	=====	=====	=====	=====

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

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

	<u>Insurance</u> <u>Excesses</u> £	<u>Deferred</u> <u>Taxation</u> £	<u>Other</u> £
Balance at 1st May 1988	388,000	23,016	NIL
Transfers from/(to) Profit and Loss account	<u>(15,000)</u>	<u>(23,016)</u>	<u>3,953</u>
Balance at 30th April 1989	373,000 =====	NIL =====	3,953 =====

18. SHARE CAPITAL	<u>1989</u> £	<u>1988</u> £
Ordinary shares of £1 each		
Authorised	12,000,000 =====	12,000,000 =====
Allotted, issued and fully paid	7,200,000 =====	6,700,000 =====
During the year 500,000 shares were issued at par to provide further working capital.		

19. PROFIT AND LOSS ACCOUNT

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

	<u>Halcrow</u> <u>Holdings</u> £	<u>Subsidiary</u> <u>Companies</u> £	<u>Related</u> <u>Companies</u> £	<u>Total</u> £
At 1st May 1988	(1,132,493)	672,831	62,309	(397,353)
Retained profit/(loss) for the year	<u>7,947</u>	<u>(866,762)</u>	<u>(41,246)</u>	<u>(900,061)</u>
At 30th April 1989	(1,124,546) =====	(193,931) =====	21,063 =====	(1,297,414) =====

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.

20. 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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

21. REVALUATION RESERVE

	<u>1989</u>		<u>1988</u>	
	The Company £	The Group £	The Company £	The Group £
Balance at 1st May 1988	-	77,000	-	83,000
Transfer to Profit and Loss Account	-	-	-	(6,000)
Balance at 30th April 1989	-	77,000	-	77,000
	=====			

22. OVERSEAS ASSETS

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

	<u>1989</u> £'000s	<u>1988</u> £'000s
Debtors	1,208	1,005
Work in progress	207	34
Cash	337	85
Bills in Advance	(87)	-
	<u>1,665</u>	<u>1,124</u>
Provision	(1,479)	(908)
	186	216
	=====	=====

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 £425K in Libya and transferred £90K to the United Kingdom. Subsequent to the year end a further £36K was received in Libya.

In recognition of the difficult political and economic environment for UK companies operating in Libya a further provision of £571K has been made this financial year against the above assets, making a total provision of £1,479K. Additionally, included in taxation provisions is an amount of £135K (1988 £75K) together with a further £4K (1988 £2K) 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.

23. CAPITAL COMMITMENTS

Capital expenditure authorised at 30th April 1989 but not provided in these financial statements amounted to £54,481 (1988: £54K).

24. CONTINGENT LIABILITIES

Guarantees given to banks for performance bonds and advance payments outstanding at 30th April 1989 totalled £1,416,371 (1988: £999,183). These were partly secured.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1989
CONTINUED

25. PENSION COMMITMENTS

The group operates three pension 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.

A decision has been made by the Directors of Sir William Halcrow & Partners Limited to wind up the Halcrow Staff Pension Scheme (HSPS) and replace it with a new scheme, the Halcrow Pension Scheme (HPS). An Actuarial valuation of HSPS as at 5th April 1989 disclosed a substantial surplus. In accordance with the regulations of Finance Act 1986, assets valued on the statutory basis of not less than 105 per cent of the value of the liabilities will be transferred to HPS, together with assets valued on the statutory basis to allow for a pensions holiday for the company and staff until 30th June, 1990. The remaining surplus in HSPS, which has not yet been finalised and is subject to Inland Revenue approval, will be refunded to Sir William Halcrow & Partners Limited, in the financial year ending 30th April, 1990.

The group has received £2,000,000 gross in the year in respect of the refund of £3,000,000 previously reported. Both the company and employees have continued to enjoy a pensions holiday. The benefit to the group of the pensions holiday was £928,000 (1988: £693,000). As in previous years, the company has made contributions to HSPS in respect of cases where the charge rate to clients includes the cost of pension contributions.

26. ASSETS PLEDGED

The group has lodged investments (gilt-edged securities) to the value of £1,822,626 (1988: £1,503,803) as security for a bank loan.

Auditors' report on page 3