

1674044

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH APRIL 1990

COMPANIES ACT
20 NOV 1990
M

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH APRIL 1990

1. The directors present their annual report and the audited financial statements for the year ended 30th April 1990.

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

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 £4,805,197 (1989: £7,832,593) arose from this source.

As disclosed in note 25 to the accounts, a refund of £2,100,000 net of tax, was received from the staff pension scheme. Partly offsetting this credit was an extraordinary loss of £1,149,456, which was caused by selling the business of Clyde Surveys Ltd.

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:-

M S Fletcher	T D Casey
R W Rothwell	D O Lloyd
A R Kopeck	A C Cadwallader
D Buckley	V J W Hoad (resigned 30.4.90)
H G Johnson	D J Pollock

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.

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.

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
CONTINUED

6. CHARITABLE CONTRIBUTIONS

Contributions made by the group during the year for charitable purposes were £8,060 (1989 £3,655).

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

Our auditors, Coopers & Lybrand have merged their practice with Deloitte Haskins & Sells and now practice in the name of Coopers & Lybrand Deloitte. They have signed the auditors' report in their new name. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

Vineyard House
44 Brook Green
London W6 7BY

17th October, 1990

By Order of the Board

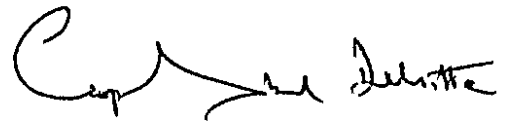


A C Cadwallader
Secretary

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 1990, and of the profit 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
17th October, 1990

Coopers & Lybrand Deloitte
Chartered Accountants

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 1990

	<u>Notes</u>	<u>1990</u> £	<u>1989</u> £
Turnover	2	52,785,593	42,965,326
Cost of sales		<u>(36,502,236)</u>	<u>(29,391,396)</u>
Gross profit		16,283,357	13,573,930
Administrative expenses		<u>(15,926,349)</u>	<u>(13,809,846)</u>
Operating profit/(loss)	3	357,008	(235,916)
Share of profits of related companies	4	518,582	80,920
Other interest receivable and similar income	5	663,149	245,622
Amounts written off investments		-	(33,895)
		1,181,731	292,647
Interest payable and similar charges	6	<u>(287,341)</u>	<u>(477,530)</u>
Profit/(Loss) on ordinary activities before taxation		1,251,398	(420,799)
Tax on profit/(loss) on ordinary activities	9	<u>(554,592)</u>	<u>(468,475)</u>
Profit/(Loss) on ordinary activities after tax		696,806	(889,274)
Extraordinary items before tax	10	2,350,544	-
Tax		(1,400,000)	-
Extraordinary items after tax		<u>950,544</u>	<u>-</u>
		1,647,350	(889,274)
Profits/(losses) attributable to minority interests		<u>21,741</u>	<u>(10,787)</u>
Profit/(Loss) for the year		1,669,091	(900,061)
STATEMENT OF CONSOLIDATED RETAINED PROFITS/(LOSSES)			
Accumulated (losses) at 1st May 1989		(1,297,414)	(397,353)
Profit/(Loss) for the year		1,669,091	(900,061)
Transfer from Revaluation Reserve	21	59,500	-
Transfer to Capital Reserve	20	<u>-</u>	<u>-</u>
Accumulated profits/(losses) at 30th April 1990	19	<u>431,177</u>	<u>(1,297,414)</u>

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 1990

	<u>Notes</u>	<u>1990</u>		<u>1989</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		9,714,012		1,684,475
Investments:					
Shares in related companies	12(b)	527,476		282,806	
Loans to related companies	12(c)	<u>63,000</u>		<u>63,000</u>	
			<u>590,476</u>		<u>345,806</u>
			10,304,488		2,030,281
CURRENT ASSETS					
Stocks		73,317		42,511	
Debtors	13,22	19,139,068		17,421,582	
Investments	14	3,662,733		2,156,745	
Cash at bank and in hand		<u>5,828,343</u>		<u>3,502,435</u>	
			28,703,461		23,123,273
CREDITORS -					
AMOUNTS FALLING DUE					
WITHIN ONE YEAR	15	<u>29,748,886</u>		<u>17,723,767</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,045,425)</u>		<u>5,399,506</u>
Total assets less					
current liabilities			9,259,063		7,429,787
Less: Non-current liabilities					
CREDITORS -					
AMOUNTS FALLING DUE AFTER					
MORE THAN ONE YEAR	16	799,301		911,216	
PROVISIONS FOR LIABILITIES					
AND CHARGES	17	<u>670,887</u>		<u>376,953</u>	
			<u>1,470,188</u>		<u>1,288,169</u>
			7,788,875		6,141,618
CAPITAL AND RESERVES					
Called up share capital	18		7,200,000		7,200,000
Profit and loss account	19		431,177		(1,297,414)
Capital reserve	20		138,360		138,360
Revaluation reserve	21		<u>17,500</u>		<u>77,000</u>
			7,787,037		6,117,946
Minority interests			<u>1,838</u>		<u>23,672</u>
			<u>7,788,875</u>		<u>6,141,618</u>

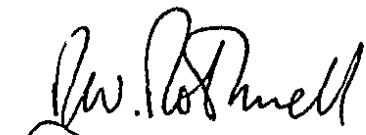
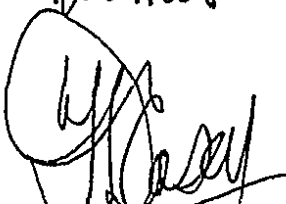
R.W. Bennett
G. Casey

} 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 1990

	<u>Notes</u>	£	<u>1990</u>	£	£	<u>1989</u>	£
FIXED ASSETS							
Investments:							
Shares in subsidiaries	12(a)			6,029,010		6,024,556	
CURRENT ASSETS							
Debtors	13		339,948			343,000	
Cash at bank			<u>175</u>			<u>324</u>	
			340,123			343,324	
CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR	15		<u>74,986</u>			<u>77,526</u>	
NET CURRENT ASSETS				<u>265,137</u>		<u>265,798</u>	
Total assets less current liabilities				6,294,147		6,290,354	
CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16			<u>197,400</u>		<u>214,900</u>	
				6,096,747		6,075,454	
CAPITAL AND RESERVES							
Called up share capital	18		7,200,000			7,200,000	
Profit and loss account	19		<u>(1,103,253)</u>			<u>(1,124,546)</u>	
				6,096,747		6,075,454	

} Directors

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

HALCROW HOLDINGS LIMITEDCONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH APRIL 1990

	£	£	£	£
	<u>1990</u>		<u>1989</u>	
SOURCE OF FUNDS				
Profit/(Loss) on ordinary activities before taxation		1,251,398		(420,799)
Adjustment for items not including the movement of funds:				
Depreciation of tangible fixed assets	719,013		616,730	
Provisions for liabilities and charges (excluding deferred tax)	294,294		(11,047)	
Currency realignment on fixed assets	(483)		(750)	
Losses/(profits) attributable to minority interests	21,741		(10,787)	
Loss/(profit) on sale of tangible fixed assets	89,166		(31,859)	
TOTAL GENERATED FROM OPERATIONS		<u>1,123,731</u>		<u>562,287</u>
		2,375,129		141,488
FUNDS FROM OTHER SOURCES				
Proceeds from issue of shares	-		500,000	
Proceeds from issue of debentures	13,200		18,400	
Disposal of tangible fixed assets	534,691		86,565	
Increase in minority interests	(21,803)		10,858	
Pension refund	3,500,000		-	
TOTAL SOURCE OF FUNDS		<u>4,026,088</u>		<u>615,823</u>
		6,401,217		757,311
APPLICATION/TRANSFER OF FUNDS				
Purchase of tangible fixed assets	9,372,315		945,535	
Tax paid	1,732,408		249,610	
Movement in shares in related companies	244,670		161,131	
Redemption of debentures	30,700		202,250	
Disposal costs of subsidiary	1,149,456		-	
		<u>(12,529,549)</u>		<u>(1,558,526)</u>
		(6,128,332)		(801,215)
MOVEMENT IN WORKING CAPITAL				
(Increase) in work in progress	(30,806)		(1,032,370)	
(Increase) in debtors	(1,548,278)		(119,735)	
Increase in creditors (excluding Taxation & bank overdrafts)	10,366,442		4,864,640	
		<u>8,787,358</u>		<u>3,712,535</u>
		2,659,026		2,911,320
MOVEMENT IN NET LIQUID FUNDS				
Increase/(decrease) in investments	1,505,988		(525,400)	
Increase in cash at bank and in hand	2,325,908		2,219,898	
(Increase)/decrease in bank loans and overdrafts	(1,172,870)		1,216,822	
		<u>2,659,026</u>		<u>2,911,320</u>

Auditors' report on page 3.

HALCROW HOLDING LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990

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) **Amounts recoverable on contracts**
Amounts recoverable on contracts represents an excess of the value of work carried out to date, and which has been recorded as turnover, over cumulative payments on account. The value of work carried out to date represents costs plus a proportion of profits based on contracts, less any provisions considered necessary to reduce their carrying amounts to their net realisable value.
- (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:
- | | | |
|-------------------------|---|-----------------|
| 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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

(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.

(j) **Pensions**

The company adopted Statement of Standard Accounting Practice Number 24 with effect from 1st May, 1989 and has consequently changed its accounting policy. The effect was to increase the pension charge for the year by £1.15 million. As permitted by the standard surpluses or deficits arising in respect of prior years are being spread over the remaining service lives of the employees rather than being accounted for as a prior year adjustment. Accordingly, comparatives have not been restated.

The Halcrow Group operates two defined benefit pension schemes. The expected cost of the pension benefits is charged to the profit and loss account, on the advice of independent actuaries, over the employees' service lives on the basis of a constant percentage of earnings. Variations from the regular pension cost are spread over the expected remaining service lives of current employees of the schemes.

2. **TURNOVER**

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

	<u>1990</u>		<u>1989</u>	
	Turnover	Profit/(loss) before tax	Turnover	Profit/(loss) before tax
	£	£	£	£
(a) Principal Activities				
Civil engineering services	50,923,005	1,577,392	38,935,182	172,281
Offshore engineering services	387,298	94,020	696,344	(116,527)
Surveying services	1,475,290	(420,014)	3,327,800	(31,803)
Architectural services	-	-	6,000	(444,750)
	<u>52,785,593</u>	<u>1,251,398</u>	<u>42,965,326</u>	<u>(420,799)</u>

Included in turnover is £4,805,197 (1989: £7,832,593) 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 1990
CONTINUED

	<u>1990</u>	<u>1989</u>
	£	£
(b) Geographical Analysis		
United Kingdom and Europe	43,008,009	32,041,094
Middle East	88,206	2,145,712
Far East	6,467,187	5,006,294
Caribbean and North/Central America	285,112	506,444
Africa	2,338,349	2,930,609
Other	<u>598,730</u>	<u>335,173</u>
	<u>52,785,593</u>	<u>42,965,326</u>
3. OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is stated after charging:		
Auditors' remuneration (company £2,000 1989 £1,750)	69,975	67,698
Depreciation of tangible fixed assets	719,013	616,730
Bad debt provisions	447,899	901,059
Loss on sale of tangible fixed assets	<u>89,166</u>	<u>-</u>
and after crediting:		
Profit on sale of tangible fixed assets	-	31,859
Foreign exchange profits	<u>11,954</u>	<u>6,717</u>
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	56,517	(2,631)
Halcrow-Balfour Ltd	(3,111)	(3,562)
British Metro Consultants Group	83,018	(49,600)
Halcrow Fox & Associates Ltd	378,296	161,207
Alistair Tucker, Halcrow & Associates Ltd	4,672	(40)
SFT Ltd	-	(22,437)
Others	<u>(810)</u>	<u>(2,017)</u>
	<u>518,582</u>	<u>80,920</u>
5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest on fixed interest securities	126,537	149,470
Other interest receivable	494,082	87,657
Profit on sale of fixed interest securities	<u>42,530</u>	<u>8,495</u>
	<u>663,149</u>	<u>245,622</u>
6. INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable on sums wholly repayable within five years	219,622	424,632
All other loans	<u>67,719</u>	<u>52,898</u>
	<u>287,341</u>	<u>477,530</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

7. EMPLOYEE INFORMATION

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

By Principal Activity	<u>1990</u> Number	<u>1989</u> Number
Civil and offshore engineering services	1,309	1,050
Surveying services	103	109
Architectural services	<u>-</u>	<u>11</u>
	<u>1,412</u>	<u>1,170</u>
	<u>1990</u> £	<u>1989</u> £

(b) Group employment costs:		
Aggregate gross wages and salaries paid to group employees	24,874,941	19,428,290
Employers' national insurance contributions, or foreign equivalents	1,821,586	1,476,487
Employers' pension contributions under group pension schemes	<u>1,822,399</u>	<u>609,489</u>
	<u>28,518,926</u>	<u>21,514,266</u>

8. DIRECTORS' EMOLUMENTS

None of the directors of Halcrow Holdings Ltd received emoluments for their services as directors of the company (1989: £NIL).

9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>1990</u> £	<u>1989</u> £
UK Corporation tax based on the results for the year at 35% (35% 1989)	(32,614)	(47,812)
Transfer (from) deferred taxation	28,000	(23,016)
Reduction in Income Tax	<u>(19,692)</u>	<u>2,869</u>
Overseas taxation	<u>436,636</u>	<u>472,095</u>
Share of related companies' tax charge	412,330	404,136
	<u>142,262</u>	<u>64,339</u>
	<u>554,592</u>	<u>468,475</u>

10. EXTRAORDINARY ITEMS

	<u>1990</u> £	<u>1989</u> £
Refund from staff pension scheme (see note 25)	3,500,000	-
Less: tax deducted at source	<u>(1,400,000)</u>	<u>-</u>
Disposal costs of subsidiary (see directors' report)	2,100,000	-
	<u>(1,149,456)</u>	<u>-</u>
	<u>950,544</u>	<u>-</u>

**HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED**

11. TANGIBLE FIXED ASSETS

	Property Freehold £	Property Long Lease £	Property Short Lease £	Other Buildings £	Motor Vehicles £	Furniture And Equipment £	Total £
COST OR VALUATION							
At 1st May 1989	-	-	13,349	-	993,973	5,237,755	6,245,077
Additions	4,273,000	4,000,000	-	-	348,000	727,613	9,348,613
Transfer from affiliated firm	-	-	-	204,333	199,835	18,914	423,082
Currency realignment	-	-	404	-	476	1,321	2,201
Disposals	-	-	-	-	(365,775)	(1,436,869)	(1,802,644)
At 30th April 1990	4,273,000	4,000,000	13,753	204,333	1,176,509	4,548,734	14,216,329
DEPRECIATION							
At 1st May 1989	-	-	13,349	-	481,445	4,066,116	4,560,910
Charge for year	-	-	-	-	231,415	487,598	719,013
Transfer from affiliated firm	-	-	-	204,333	176,133	18,914	399,380
Currency realignment	-	-	404	-	84	1,313	1,801
Disposals	-	-	-	-	(280,811)	(897,976)	(1,178,787)
At 30th April 1990	-	-	13,753	204,333	608,266	3,675,965	4,502,317
NET BOOK VALUE							
At 30th April 1990	4,273,000	4,000,000	-	-	568,243	872,769	9,714,012
At 30th April 1989	-	-	-	-	512,528	1,171,639	1,684,167

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

12. **FIXED ASSETS INVESTMENTS**

(a) <u>Investment in subsidiaries</u>	<u>1990</u> £	<u>1989</u> £
Investment at cost, 1st May 1989	7,146,686	6,626,686
Additions in year:		
Halcrow Consulting Ltd	-	6,000,000
Halcrow (SEA) Ltd	-	10,000
Halcrow Europe Ltd	-	10,000
Burderop Investments Ltd	2	-
Shortlands Investments Ltd	2	-
Disposals in year:		
Sir William Halcrow & Partners Ltd	-	(5,500,000)
	<u>7,146,690</u>	<u>7,146,686</u>
Less: Provisions against investments:		
Halcrow Middle East Ltd	-	(4,450)
Halcrow Staff & Services	(1,117,680)	(1,117,680)
Investments at written down value at 30th April 1990	<u>6,029,010</u>	<u>6,024,556</u>

<u>Name of Company and</u> <u>Country of Registration</u>	<u>Description</u> <u>of shares</u> <u>held</u>	<u>Proportion of</u> <u>nominal value</u> <u>issued shares</u> <u>held</u>
Halcrow Staff & Services (England)	Ordinary £1 shares	100%
Halcrow Consulting Ltd (England)	Ordinary £1 shares	100%
Halcrow Middle East Ltd (Dubai, UAE)	Ordinary DH 10 shares	100%
Halcrow Europe Ltd (England)	Ordinary £1 shares	100%
Halcrow SEA Ltd (England)	Ordinary £1 shares	100%
Burderop Investments Ltd (England)	Ordinary £1 shares	100%
Shortlands Investments Ltd (England)	Ordinary £1 shares	100%

The business activity of the principal subsidiaries is the supply of consulting civil engineering services.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

	<u>1990</u> £	<u>1989</u> £
(b) <u>Investment in related companies</u>		
Shares at cost	282,806	261,743
Group's share of post acquisition retained profits/(losses) and reserves	<u>244,670</u>	<u>21,063</u>
	<u>527,476</u>	<u>282,806</u>
Halcrow Fox & Associates Ltd (England)	Ordinary 'B' £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%
Mott 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

	<u>1990</u> £	<u>1989</u> £
(c) <u>Loans to related companies</u>		
Alistair Tucker, Halcrow & Associates Ltd	51,500	51,500
Global Renewable Energy Services Ltd	<u>11,500</u>	<u>11,500</u>
	<u>63,000</u>	<u>63,000</u>

13. DEBTORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
Amounts recoverable on contracts	-	5,871,885	-	5,835,365
Trade debtors	-	11,336,264	-	9,658,341
Amounts owed by group companies	336,927	-	343,000	-
Amounts owed by affiliated firms (see note 1(i))	3,021	2,389	-	117,410
Amounts owed by related companies	-	326,094	-	164,949
Other debtors	-	822,640	-	1,336,972
Prepayments and accrued income	-	610,588	-	308,545
Income tax recoverable	-	169,208	-	-
	<u>339,948</u>	<u>19,139,068</u>	<u>343,000</u>	<u>17,421,582</u>

**HALCROW HOLDINGS LTD
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED**

14. INVESTMENTS

Listed UK government securities at lower of cost or market value (market value £3,662,733 1989: £2,156,745)	-	3,662,733	-	2,156,745
--	---	-----------	---	-----------

15. CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
(a) Bank loans and overdrafts	-	3,257,526	-	2,084,656
Bills in advance	-	6,849,027	-	6,278,228
Trade creditors	-	1,873,264	-	879,034
Amounts owed to group companies	24,900	-	28,303	-
Amounts owed to affiliated firms (see note 1(i))	44,544	9,046,973	44,539	1,319,952
Amounts owed to related companies	-	37,888	-	115,265
Other creditors including taxation and social security (see (b) below)	3,542	4,064,303	1,334	2,638,659
Accruals and deferred income	2,000	4,619,905	3,350	4,407,973
	<u>74,986</u>	<u>29,748,886</u>	<u>77,526</u>	<u>17,723,767</u>

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

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
Income Tax	3,542	-	1,334	-
United Kingdom Corporation Tax	-	123,049	-	(100,182)
Overseas Taxation	-	622,680	-	454,519
	<u>3,542</u>	<u>745,729</u>	<u>1,334</u>	<u>354,337</u>
Social Security	-	687,489	-	590,219
Other	-	2,631,085	-	1,694,103
	<u>3,542</u>	<u>4,064,303</u>	<u>1,334</u>	<u>2,638,659</u>

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

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
Debenture Loans	197,400	197,400	214,900	214,900
Other Loans:				
Roycott Trust Ltd	-	-	-	300,692
Hewlett Packard Ltd	-	-	-	23,668
Parlan Associates	-	362,500	-	368,750
Other	-	806	-	3,206
	<u>197,400</u>	<u>560,706</u>	<u>214,900</u>	<u>911,216</u>
Accruals and deferred income	-	238,595	-	-
	<u>197,400</u>	<u>799,301</u>	<u>214,900</u>	<u>911,216</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

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 (at the option of the holders) 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 £
Balance at 1st May 1989	214,900	214,900
Issued in the year	13,200	13,200
Redeemed in the year	(30,700)	(30,700)
Balance at 30th April 1990	<u>197,400</u>	<u>197,400</u>
Repayable otherwise than by instalments in more than five years	<u>93,300</u>	<u>93,300</u>

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
Other Loans				
Amounts repayable more than five years hence, otherwise than by instalments	-	337,500	-	368,750
Amounts repayable by instalments in less than five years hence	-	25,806	-	327,566
	-	<u>363,306</u>	-	<u>696,316</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
(a) Provision for excesses on insurance claims	-	381,235	-	373,000
Taxation, including deferred taxation (note (b))	-	-	-	-
Provisions for losses on contracts	-	278,782	-	-
Other	-	10,870	-	3,953
	-	<u>670,887</u>	-	<u>376,953</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

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

	Provisions		
	<u>Insurance</u> <u>Excesses</u>	<u>for losses</u> <u>on contracts</u>	<u>Other</u>
	£	£	£
Balance at 1st May 1989	373,000	-	3,953
Transfers from/(to) Profit and Loss account	<u>8,235</u>	<u>278,782</u>	<u>6,917</u>
Balance at 30th April 1990	<u>381,235</u>	<u>278,782</u>	<u>10,870</u>

18. SHARE CAPITAL	<u>1990</u>	<u>1989</u>
	£	£
Ordinary shares of £1 each		
Authorised	<u>12,000,000</u>	<u>12,000,000</u>
Allotted, issued and fully paid	<u>7,200,000</u>	<u>7,200,000</u>

19. PROFIT AND LOSS ACCOUNT

The movement on consolidated retained profits/(losses) is analysed 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 1989	(1,124,546)	(193,931)	21,063	(1,297,414)
Retained profit for the year	<u>21,293</u>	<u>1,462,628</u>	<u>244,670</u>	<u>1,728,591</u>
At 30th April 1990	<u>(1,103,253)</u>	<u>1,268,697</u>	<u>265,733</u>	<u>431,177</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.

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 1990
CONTINUED

21. REVALUATION RESERVE

	<u>1990</u>		<u>1989</u>	
	The Company £	The Group £	The Company £	The Group £
Balance at 1st May 1989	-	77,000	-	77,000
Transfer to Profit and Loss Account	-	59,500	-	-
Balance at 30th April 1990	-	17,500	-	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>1990</u> £'000s	<u>1989</u> £'000s
Debtors	1,681	1,208
Work in progress	-	207
Cash	403	337
Bills in Advance	(179)	(87)
	1,905	1,665
Provision	(1,760)	(1,479)
	<u>145</u>	<u>186</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 £157K in Libya.

In recognition of the difficult political and economic environment for UK companies operating in Libya a further provision of £281K has been made this financial year against the above assets, making a total provision of £1,760K. Additionally, included in taxation provisions is an amount of £94K (1989 £135K) together with a further £4K (1989 £4K) 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 1990 but not provided in these financial statements amounted to £Nil (1989: £54,481).

24. CONTINGENT LIABILITIES

Guarantees given to banks for performance bonds and advance payments outstanding at 30th April 1990 totalled £1,029,845 (1989: £1,416,371). These were partly secured.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1990
CONTINUED

25. PENSION COMMITMENTS

The Company operates two pension schemes, the main one being the contributory Halcrow Pension Scheme (HPS) for staff. Both schemes provide benefits on final pensionable pay and the assets of the schemes are held separately from those of the Company, being invested by independent investment managers.

As reported in the accounts for the year to 30th April, 1989, HPS replaced the old Halcrow Pension Scheme which was wound up as at 5th April 1989. During the year, repayment of surplus amounting to £4.5 million was made to Sir William Halcrow and Partners Limited, following an interim payment of £2 million which was made during the previous year.

Contributions to the schemes are charged to the profit and loss accounts so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of regular valuations. For HPS, the most recent valuation was as 5th April, 1989, and the actuary used the projected unit method. His main assumptions were that the rate of return would be 9% per annum, that salaries would increase by 7% per annum, that pensions would increase by 5% per annum, and, for the purpose of valuing the assets, that dividends would grow at 4½ per annum. The valuation showed that the scheme held assets with a market value of £59.9 million and, after allowing for the refunds of surplus described above, the actuarial value of the assets was 113% of the value of benefits that had accrued to members after allowing for expected future increases in pensionable salaries.

The most recent valuation of the Directors' scheme was carried out as at 30th April 1987 and this showed that market value of the Scheme's assets was £7.3 million and the actuarial value of those assets represented 86% of the value of benefits that had accrued to members after allowing for expected future increases in pensionable salaries. Company contributions to the Scheme have continued at a rate which was calculated as being sufficient to meet the liabilities over the employees' working lifetimes.

The total pension charge for the year, before exceptional items was £2,023,182. During the year no payments were made to HPS and accordingly an amount of £2,598,615 is included in the balance sheet as a creditor in respect of these contributions.

26. ASSETS PLEDGED

The group has lodged investments (gilt-edged securities and cash) to the value of £2,702,605 (1989: £1,822,626) as security for a bank loan.

Auditors' report on page 3