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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30 APRIL 1991

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HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 APRIL 1991

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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1991

The directors present their annual report and the audited financial statements for the year ended 30 April 1991.

1. **SHAREHOLDERS**

The company was wholly owned by The Halcrow Partnership until 30 October 1990.

On that date The Halcrow Partnership gave 8,185,250 ordinary shares representing 55% of the issued share capital of the company to The Halcrow Trust which holds them for the benefit of directors and staff of Halcrow Holdings Limited and its subsidiary undertakings.

Directors and staff have also been invited to apply to purchase ordinary shares. Applications have been accepted in respect of 271,800 shares which will be issued at par on 1 November 1991.

2. **GROUP RESULTS AND TRANSFERS TO RESERVES**

The group made a profit on ordinary activities before taxation of £1,754,000 (1990: £1,252,000).

The profit attributable to shareholders was £978,000 (1990: £1,669,000) which, after an ordinary dividend of £24,000 (1990: Nil), resulted in a transfer to reserves of £954,000 (1990: £1,669,000).

3. **DIVIDEND**

The directors recommend a final dividend of 9p per ordinary share to be paid on 6 November 1991 to those members on the register at the close of business on 1 November 1991. The Halcrow Trust and The Halcrow Partnership have waived their entitlement to this dividend.

4. **PRINCIPAL ACTIVITY**

The principal activity of the group is the supply of services as consulting engineers.

5. **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The results for the year show satisfactory increases in turnover and profit before taxation compared with the previous year. The purchase of the Middle East trading operation of The Halcrow Partnership on 30 April 1990 has contributed to these, as has the purchase of properties referred to in paragraph 6 below. The group is also beginning to see the benefits arising from substantial investment in the Asia Pacific region, with above average growth in this area for the year.

The group has continued to benefit from rigorous control of cash flow. This is reflected in the increase in net interest receivable for the year. The directors believe that the group is well placed in the coming financial year to take advantage of opportunities in the consulting engineering field.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1991
CONTINUED

6. **SHARE CAPITAL**

On 25 April 1990 the authorised share capital of the company was increased from £12,000,000 to £12,010,000 by the creation of 10,000 preference shares of £1 each.

On 24 September 1990 the authorised share capital of the company was increased from £12,010,000 to £20,000,000 by the creation of 7,990,000 ordinary shares of £1 each.

On 30 October 1990 shares were allotted to The Halcrow Partnership as follows:

- * 7,682,267 ordinary shares of £1 for a total consideration of £8,298,000.
- * 10,000 preference shares of £1 each at par.

The proceeds were used to finance the purchase by the group of freehold and leasehold properties from The Halcrow Partnership.

7. **DIRECTORS AND DIRECTORS' INTERESTS**

The following were directors of the company at 30 April 1991:-

M S Fletcher	D O Lloyd
D Buckley	A C Cadwallader
H G Johnson	D J Pollock

Each of the directors listed above is a partner in The Halcrow Partnership which at 30 April 1991 beneficially owned 45% (30 April 1990: 100%) of the issued share capital of the company.

- On 30 April 1991 Mr A C Cadwallader had a non-beneficial interest in the remaining 55% of the issued share capital of the company by virtue of his directorship of Halcrow Staff and Services which is the trustee of The Halcrow Trust. Mr D Buckley was appointed a director of Halcrow Staff and Services Limited on 1 May 1991.

The following also served as directors of Halcrow Holdings Limited during the year:

R W Rothwell (retired 30 April 1991)	
A R Kopec (retired 30 April 1991)	
T D Casey (retired 30 April 1991)	

8. **FIXED ASSETS**

The movements in fixed assets are shown in notes 12 and 13 of the financial statements.

9. **CLOSE COMPANY PROVISIONS**

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

10. **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Since 30 April 1991 the company has taken out insurance cover in respect of the legal liability of directors and officers.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1991
CONTINUED

11. CHARITABLE CONTRIBUTIONS

Contributions made by the group during the year for charitable purposes were £11,000 (1990 £8,000).

12. DISABLED PERSONS

It is established group policy to offer the same opportunity to disabled persons 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.

13. EMPLOYEE INVOLVEMENT AND SAVINGS-RELATED SHARE OPTION SCHEME.

The policy of the group is one of continuing to develop effective means of consultation and communication within and between its operating constituents.

Consultation is achieved through a Staff Council which is elected by employees and meets on a regular basis.

Communication is achieved through the availability to employees of regular financial information and in-house magazines, and the distribution of information relating to the resources, technical developments and achievements of the group.

The group believes that employee share ownership is an important contributor to employee involvement. During 1991 it has established a Savings-Related Share Option Scheme under which employees may save and subscribe for shares on advantageous terms.

14. AUDITORS

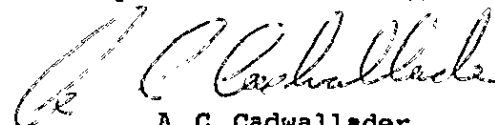
The company has passed an elective resolution dispensing with the obligation to appoint auditors annually, as permitted by section 386 of the Companies Act 1985.

The company's auditors are Coopers & Lybrand Deloitte who have expressed their willingness to continue in office.

Registered office:
Vineyard House
44 Brook Green
London W6 7BY

Registered number:
1674044

By order of the board

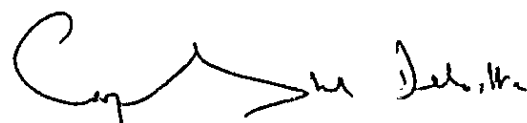


A C Cadwallader
Secretary
16 October 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
HALCROW HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 22 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 30 April 1991, 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
16 October 1991

Coopers & Lybrand Deloitte
Chartered Accountants

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1991

	<u>Notes</u>	<u>1991</u> £000	<u>1990</u> £000
Turnover	2	58,111	52,786
Cost of sales		<u>(37,781)</u>	<u>(36,502)</u>
Gross profit		20,330	16,284
Administrative expenses		(19,721)	(15,927)
Other operating income	3	<u>260</u>	<u>-</u>
Operating profit	4	869	357
Share of profits of associated undertakings		231	519
Interest receivable and similar income	5	922	663
Interest payable and similar charges	6	<u>(268)</u>	<u>(287)</u>
Profit on ordinary activities before taxation		1,754	1,252
Tax on profit on ordinary activities	9	<u>(718)</u>	<u>(555)</u>
Profit on ordinary activities after taxation		1,036	697
Loss attributable to minority interests		<u>4</u>	<u>22</u>
Profit before extraordinary items		1,040	719
Extraordinary items	10	<u>(62)</u>	<u>950</u>
Profit attributable to shareholders		978	1,669
Dividend	11	<u>(24)</u>	<u>-</u>
Retained earnings		<u>954</u>	<u>1,669</u>
 STATEMENT OF CONSOLIDATED RETAINED EARNINGS			
Retained earnings/(losses) at 1 May 1990		431	(1,297)
Retained earnings for the year		954	1,669
Transfer from revaluation reserve	23	<u>18</u>	<u>59</u>
Retained earnings at 30 April 1991	21	<u>1,403</u>	<u>431</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET - 30 APRIL 1991

	<u>Notes</u>	<u>1991</u> £000	<u>1990</u> £000
FIXED ASSETS			
Tangible assets	12	11,798	9,714
Investments	13	649	590
		<u>12,447</u>	<u>10,304</u>
CURRENT ASSETS			
Stocks		-	73
Debtors	14	20,232	19,139
Investments	15	4,592	3,663
Cash at bank and in hand		4,456	5,828
		<u>29,280</u>	<u>28,703</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(23,009)	(29,748)
NET CURRENT ASSETS/(LIABILITIES)		<u>6,271</u>	<u>(1,045)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,718	9,259
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(847)	(799)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(817)	(671)
		<u>17,054</u>	<u>7,789</u>
CAPITAL AND RESERVES			
Called up share capital	19	14,892	7,200
Share premium account	20	616	-
Profit and loss account	21	1,403	431
Capital reserve	22	138	138
Revaluation reserve	23	-	18
		<u>17,049</u>	<u>7,787</u>
Minority interests		5	2
		<u>17,054</u>	<u>7,789</u>

The financial statements were approved by the board of directors on 16 October 1991.

M S Fletcher

)
) Directors

M. S. Fletcher

D Buckley

)
) *D. Buckley*

HALCROW HOLDINGS LIMITEDBALANCE SHEET - 30 APRIL 1991

	<u>Notes</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
FIXED ASSETS			
Investments	13	<u>14,220</u>	<u>6,029</u>
CURRENT ASSETS			
Debtors	14	1,676	340
Cash at bank and in hand		<u>1</u>	<u>-</u>
		1,677	340
CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR			
	16	<u>(156)</u>	<u>(75)</u>
NET CURRENT ASSETS			
		<u>1,521</u>	<u>265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		15,741	6,294
CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	17	<u>(211)</u>	<u>(197)</u>
		<u>15,530</u>	<u>6,097</u>
CAPITAL AND RESERVES			
Called up share capital	19	14,892	7,200
Share premium account	20	616	-
Profit and loss account	21	<u>22</u>	<u>(1,103)</u>
		<u>15,530</u>	<u>6,097</u>

M S Fletcher

M S Fletcher

D Buckley

D Buckley

) Directors

HALCROW HOLDINGS LIMITEDCONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 APRIL 1991

	<u>1991</u> £000	<u>1990</u> £000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,754	1,252
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	754	719
Provisions for liabilities and charges	(132)	294
Losses attributable to minority interests	4	22
(Profit)/loss on sale of tangible fixed assets	<u>(64)</u>	<u>89</u>
TOTAL GENERATED FROM OPERATIONS	<u>2,316</u>	<u>2,376</u>
MOVEMENT IN WORKING CAPITAL		
Decrease/(increase) in stocks	73	(31)
(Increase) in debtors	(1,093)	(1,549)
Increase in creditors	<u>1,123</u>	<u>2,621</u>
	<u>103</u>	<u>1,041</u>
FUNDS FROM OTHER SOURCES		
Proceeds from issue of shares	8,308	-
Transfer of provision from affiliated undertaking	436	-
Increase in amounts owed to affiliated undertakings	-	7,727
Disposal of tangible fixed assets	221	535
Increase/(decrease) in minority interests	3	(22)
Pension refund	-	3,500
	<u> </u>	<u> </u>
TOTAL SOURCE OF FUNDS	<u>11,387</u>	<u>15,157</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	2,995	9,372
Tax paid	244	1,732
Movement in provisions for liabilities and charges	187	-
Movement in associated undertakings	59	245
Disposal of subsidiary undertaking	62	1,149
Reduction in amounts owed to affiliated undertakings	<u>6,893</u>	<u> </u>
	<u>10,440</u>	<u>12,498</u>
INCREASE IN NET LIQUID FUNDS	<u>947</u>	<u>2,659</u>
REPRESENTED BY:		
Increase in investments	929	1,506
(Decrease)/increase in cash at bank and in hand	(1,372)	2,326
Increase/(decrease) in bank loans and overdrafts	<u>1,390</u>	<u>(1,173)</u>
	<u>947</u>	<u>2,659</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991

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, and in accordance with applicable accounting standards in all material respects.

(b) Consolidation

The consolidated financial statements comprise the financial statements of the company and all its subsidiary and associated undertakings. As permitted by section 230 of the Companies Act 1985, the profit and loss account of the holding company is not presented as part of these financial statements.

(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) Long term contracts

Amounts recoverable on contracts which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as bills in advance.

(e) 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:

Short leasehold property	-	period of lease
Motor vehicles	-	35%
Furniture and equipment		
- Computers	-	33%
- Other	-	20%

Freehold properties are not depreciated.

The company's long leasehold property is an investment property which is not depreciated in accordance with the accounting policy set out in note (f) below.

(f) Investment properties

In accordance with SSAP 19:

- (i) Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and
- (ii) No amortisation is provided in respect of the leasehold investment property with over twenty years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

CROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

1. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(g) **Foreign currencies**

The financial statements 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 undertakings**

The Halcrow Partnership owns 45% of the issued share capital of the company. Balances with The Halcrow Partnership and its subsidiary undertakings are shown in the financial statements as amounts due to or from affiliated undertakings.

(j) **Comparative figures**

Minor reclassifications have been made to the comparative figures to maintain consistency.

**HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED**

1. **PRINCIPAL ACCOUNTING POLICIES - Continued**

(k) **Pensions**

Benefits are funded by payments to trustee administered funds.

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 an independent actuary, 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 members of the schemes.

The provisions of Statement of Standard Accounting Practice 24, "Accounting for Pension Costs", were adopted with effect from 1 May 1989. Differences between the amounts charged in the profit and loss account and payments made to pension funds are treated as assets or liabilities.

(l) **Leases**

Payments under operating leases are charged to the profit and loss account on an accruals basis. Assets funded by finance leases are included in tangible fixed assets at their fair value. The excess of the lease payments over the recorded lease obligations is treated as a finance charge which is amortised over the term of each lease to give a constant rate of charge in the profit and loss account over the remaining period of the obligations.

2. **TURNOVER**

The geographical analysis of group turnover is as follows:-

	<u>1991</u> £000	<u>1990</u> £000
United Kingdom and Europe	44,954	43,008
Far East	7,825	6,467
Africa	2,090	2,339
Middle East	1,965	88
Australasia	813	599
The Americas	464	285
	<u>58,111</u>	<u>52,786</u>

3. **OTHER OPERATING INCOME**

Other operating income comprises net rental income from leasehold properties.

	<u>1991</u> £000	<u>1990</u> £000
4. OPERATING PROFIT		

Operating profit is stated after charging/(crediting):

Auditors' remuneration	101	70
Depreciation of tangible fixed assets	754	719
Bad debt provisions	386	448
(Profit)/loss on sale of tangible fixed assets	(64)	89
Exchange profits	(72)	(12)
Operating leases: rent of premises	<u>2,697</u>	<u>923</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	<u>1991</u> £000	<u>1990</u> £000
	Interest on fixed interest securities	228	126
	Other interest receivable	520	494
	Profit on sale of fixed interest securities	-	225
	(Provision)/release of provision against cost of fixed interest securities	<u>174</u>	<u>(182)</u>
		<u>922</u>	<u>663</u>
6.	INTEREST PAYABLE AND SIMILAR CHARGES		
	Interest payable on:		
	Borrowings repayable within five years	183	219
	Finance leases	5	-
	All other loans	<u>80</u>	<u>68</u>
		<u>268</u>	<u>287</u>
7.	EMPLOYEE INFORMATION		
	(a) The average number of persons employed by the group, including directors, during the year is analysed below:		
		<u>1991</u> Number	<u>1990</u> Number
	Professional and technical	982	1,021
	Clerical	<u>278</u>	<u>251</u>
		<u>1,260</u>	<u>1,272</u>
	(b) Staff costs during the year were:	<u>1991</u> £000	<u>1990</u> £000
	Wages and salaries	25,817	24,875
	Social security costs	1,877	1,822
	Other pension costs	<u>2,250</u>	<u>1,822</u>
		<u>29,944</u>	<u>28,519</u>
8.	DIRECTORS' EMOLUMENTS	<u>1991</u> £000	<u>1990</u> £000
	Staff costs include the following emoluments (including pensions contributions) of directors of Halcrow Holdings Limited:	<u>859</u>	<u>600</u>
	The above costs include amounts (excluding pension contributions) paid to:		
	The Chairman	97	53
	The highest paid director	<u>97</u>	<u>91</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

8. DIRECTORS' EMOLUMENTS - Continued

The number of other directors who received emoluments (excluding pension contributions) in the following ranges were:

	<u>1991</u>	<u>1990</u>
	Number	Number
£50,001 - £55,000	-	6
£65,001 - £70,000	-	2
£90,000 - £95,000	<u>7</u>	<u>-</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1991</u>	<u>1990</u>
	£000	£000
UK corporation tax at 34% (1990: 35%)	134	(33)
Transfer to deferred taxation	1	28
Reduction in income tax	(2)	(19)
Overseas taxation	505	437
Share of associated undertakings' tax charge	<u>80</u>	<u>142</u>
	<u>718</u>	<u>555</u>

There are losses carried forward for United Kingdom tax purposes of approximately £1.8 million (1990: £1.7 million).

10. EXTRAORDINARY ITEMS

	<u>1991</u>	<u>1990</u>
	£000	£000
Refund from staff pension scheme	-	3,500
Loss on disposal of subsidiary undertaking	<u>(62)</u>	<u>(1,150)</u>
	(62)	2,350
Less: tax on extraordinary items	<u>-</u>	<u>(1,400)</u>
	<u>(62)</u>	<u>950</u>

11. DIVIDEND

	<u>1991</u>	<u>1990</u>
	£000	£000
Proposed final dividend		
9p per share on 271,000 shares	<u>24</u>	<u>-</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

12. TANGIBLE FIXED ASSETS

<u>COST OR VALUATION</u>	<u>LAND AND BUILDINGS:</u>						<u>FURNITURE AND EQUIPMENT</u> £000	<u>TOTAL</u> £000
	<u>Freehold</u> £000	<u>Long Lease</u> £000	<u>Short Lease</u> £000	<u>Other Buildings</u> £000	<u>MOTOR VEHICLES</u> £000	<u>£000</u>		
At 1 May 1990	4,273	4,000	14	204	1,176	4,549	14,216	
Reclassification	-	-	204	(204)	-	-	-	
Additions	1,943	40	39	-	558	415	2,995	
Disposals	-	-	(12)	-	(464)	(735)	(1,211)	
At 30 April 1991	6,216	4,040	245	-	1,270	4,229	16,000	
<u>DEPRECIATION</u>								
At 1 May 1990	-	-	14	204	608	3,676	4,502	
Reclassification	-	-	204	(204)	-	-	-	
Charge for year	-	-	-	-	268	486	754	
Disposals	-	-	(12)	-	(326)	(716)	(1,054)	
At 30 April 1991	-	-	206	-	550	3,446	4,202	
<u>NET BOOK VALUE</u>								
At 30 April 1991	6,216	4,040	39	-	720	783	11,798	
At 30 April 1990	4,273	4,000	-	-	568	873	9,714	

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

12. TANGIBLE FIXED ASSETS - Continued

FIXED ASSETS HELD UNDER FINANCE LEASES

There are assets held under finance leases as follows:

	<u>Motor Vehicles</u> £000	<u>Furniture & equipment</u> £000
Net book value at 30 April 1991	86	3
Depreciation charge in year	1	1

LONG LEASEHOLD PROPERTY

The directors have revalued the long leasehold property, 3 Shortlands, Hammersmith, London, as at 30 April 1991, on an open market basis, following a professional valuation by Mason Philips, Chartered Surveyors, as at 30 April 1990.

FREEHOLD PROPERTY

The company has two freehold properties.

Its property at Burderop Park, Swindon, Wiltshire, was last valued by Kemp & Hawley, Chartered Surveyors, on an open market basis as at 30 April 1990. The property is included in the balance sheet at its purchase price, which was equal to the valuation by Kemp and Hawley, plus the cost of construction in progress.

Its property at 17 Queensgate, Inverness, was last valued by Graham & Sibbald, Chartered Surveyors, on an open market basis as at 11 April 1990.

In the directors' opinion the properties are carried in the books of the company at their open market value. Had depreciation been charged on the properties the charge for the year would have been approximately £26,500.

**HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED**

13. FIXED ASSETS INVESTMENTS	<u>Shares</u>	<u>Loans</u>	<u>Total</u>
	£000	£000	£000
THE GROUP			
SHARES IN AND LOANS TO ASSOCIATED UNDERTAKINGS			
COST AND SHARE OF POST ACQUISITION RESERVES			
At 1 May 1990	527	63	590
Additions	160	-	160
Disposals	-	(51)	(51)
Share of profits less dividends received	(50)	-	(50)
	<hr/>	<hr/>	<hr/>
At 30 April 1991	637	12	649
THE COMPANY			
SHARES IN SUBSIDIARY UNDERTAKINGS			
			£000
COST			
At 1 May 1990			7,147
Additions			8,200
Transfer to affiliated undertaking			(9)
At 30 April 1991			<u>15,338</u>
PROVISIONS			
At 1 May 1990 and 30 April 1991			<u>1,118</u>
NET BOOK VALUE			
At 30 April 1991			<u>14,220</u>
At 30 April 1990			<u>6,029</u>

None of the investments included in the above amounts is listed on a recognised investment exchange. The principal subsidiary and associated undertakings are listed in note 30 on page 22.

14. DEBTORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1991</u>		<u>1990</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Amounts recoverable on contracts	6,151	-	5,873	-
Trade debtors	12,289	-	11,336	-
Amounts owed by subsidiary undertakings	-	1,676	-	337
Amounts owed by affiliated undertakings	73	-	2	3
Amounts owed by associated undertakings	254	-	327	-
Other debtors	715	-	822	-
Prepayments and accrued income	750	-	610	-
Income tax recoverable	-	-	169	-
	<hr/>	<hr/>	<hr/>	<hr/>
	20,232	1,676	19,139	340

HALCROW HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

15. INVESTMENTS HELD AS CURRENT ASSETS

	<u>1991</u>		<u>1990</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Listed UK government securities at lower of cost or market value (market value £4,653,000 1990: £3,663,000)	4,592	-	3,663	-

16. CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1991</u>		<u>1990</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Bank loans and overdrafts	1,867	-	3,257	-
Bills in advance	6,442	-	6,611	-
Trade creditors	1,208	-	1,873	-
Amounts owed to subsidiary undertakings	-	66	-	25
Amounts owed to affiliated undertakings	2,154	-	9,047	-
Amounts owed to associated undertakings	546	-	38	44
Obligations under finance leases	48	-	-	-
Liabilities for taxation and social security	2,961	50	2,665	4
Accruals and deferred income	3,640	16	2,259	2
Proposed dividend	24	24	-	-
Other creditors	4,119	-	3,998	-
	<u>23,009</u>	<u>156</u>	<u>29,748</u>	<u>75</u>

Included in accruals and deferred income is an amount of £305,000 (1990: £238,000) in respect of contract losses.

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

	<u>1991</u>		<u>1990</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Debenture loans	211	211	197	197
Obligations under finance leases	45	-	-	-
Accruals and deferred income	235	-	239	-
Other loans	356	-	363	-
	<u>847</u>	<u>211</u>	<u>799</u>	<u>197</u>

**HALCROW HOLDINGS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED**

17. CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - Continued

Debenture Loans

The company has 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 Limited, offer their shares to employees, these debentures are convertible (at the option of the holders) into such 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 the base rate of Midland Bank plc.

The movements on debentures were as follows:

	The Group £000	The Company £000
Balance at 1 May 1990	197	197
Issued in the year	14	14
Balance at 30 April 1991	211	211
Repayable otherwise than by instalments in more than five years	76	76

Obligations under Finance Leases

Amounts shown above as obligations under finance leases falling due after more than one year are due between the second and fifth years inclusive.

Other Loan

	1991 The Group £000	The Company £000	1990 The Group £000	The Company £000
Repayable by instalments in more than five years	330	-	337	-
Repayable by instalments within five years	26	-	26	-
	356	-	363	-

The loan is repayable by annual instalments of £6,250 and bears interest equal to the base rate of Midland Bank plc.

16. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	At 1 May 1990 £000	Transfer from affiliated undertaking £000	Applied in year £000	Charged/ (credited) to profit & loss account £000	At 30 April 1991 £000
Contract loss provision	279	-	(130)	(130)	19
Provision for excesses on insurance claims	381	-	(57)	(29)	295
Property dilapidation provision	6	436	-	32	474
Deferred tax	-	-	-	29	29
Other	5	-	-	(5)	-
	671	436	(187)	(103)	817

The provision for deferred taxation represents full provision for timing differences.

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**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED**

19. SHARE CAPITAL	<u>1991</u> £000	<u>1990</u> £000
Authorized		
19,990,000 ordinary shares of £1 each	19,990	12,000
10,000 preference shares of £1 each	<u>10</u>	<u>-</u>
	<u>20,000</u>	<u>12,000</u>
Allotted and fully paid		
14,882,267 ordinary shares of £1 each	14,882	7,200
10,000 preference shares of £1 each	<u>10</u>	<u>-</u>
	<u>14,892</u>	<u>7,200</u>

As disclosed in the directors report, 7,682,267 ordinary shares of £1 each and 10,000 preference shares of £1 each were issued to The Halcrow Partnership on 30 October 1990.

At 30 April 1991, no options over the share capital of the company were outstanding.

Since 30 April 1991 the company has accepted applications from directors and staff to purchase 271,800 ordinary shares of £1 each at par. It has also issued 1,232,310 options to subscribe for ordinary shares of £1 each at par between 1996 and 1998 under the terms of the Saving-Related Share Option Scheme.

20. SHARE PREMIUM ACCOUNT	<u>1991</u> £000	<u>1990</u> £000
Arising on issue of shares in year	<u>616</u>	<u>-</u>

21. PROFIT AND LOSS ACCOUNT

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

	<u>Halcrow</u> <u>Holdings</u> £000	<u>Subsidiary</u> <u>Undertakings</u> £000	<u>Associated</u> <u>Undertakings</u> £000	<u>Total</u> £000
At 1 May 1990	(1,103)	1,268	266	431
Retained profit/(losses) for the year	1,125	(121)	(50)	95
Transfer from revaluation reserve	-	18	-	18
At 30 April 1991	<u>22</u>	<u>1,165</u>	<u>216</u>	<u>1,403</u>

HALCROW HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

21. PROFIT AND LOSS ACCOUNT - Continued

Halcrow Holdings Limited directly provides for the retained losses of its subsidiary and associated undertakings. For this reason the above analysis will include retained profits and losses of subsidiary and associated undertakings in the figures for Halcrow Holdings Limited.

22. 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 the 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.

23. REVALUATION RESERVE

	<u>1991</u> £000	<u>1990</u> £000
Balance at 1 May 1990	18	77
Transfer to profit and loss account	<u>(18)</u>	<u>(59)</u>
Balance at 30 April 1991	<u>—</u>	<u>18</u>

24. OVERSEAS ASSETS

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

	<u>1991</u> £000	<u>1990</u> £000
Debtors	1,842	1,681
Cash	346	403
Bills in advance	—	<u>(179)</u>
	<u>2,188</u>	<u>1,905</u>
Provisions	<u>(1,937)</u>	<u>(1,760)</u>
	<u>251</u>	<u>145</u>

The group has continued to encounter difficulty in obtaining payment from the client and in the transfer of funds from Libya to the United Kingdom. During the year no payments were received and no funds were transferred to the United Kingdom (1990: £157,000 received in Libya).

In recognition of the difficult political and economic environment for UK companies operating in Libya a further provision of £177,000 has been made this financial year against the above assets, making a total provision of £1,937,000. Additionally, included in taxation provisions is an amount of £205,000 (1990 £94,000). Provision has also been made for outstanding amounts 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.

**HALCROW HOLDINGS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED**

25. CAPITAL COMMITMENTS

	The Group		The Company	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Contracted for but not provided in the financial statements	504	-	-	-
Authorised but not contracted for	<u>67</u>	-	-	-

26. CONTINGENT LIABILITIES

	The Group		The Company	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Performance and advance payment bonds provided by banks	<u>1,414</u>	<u>1,030</u>	-	-

The company has also guaranteed the bank borrowing of an associated undertaking up to a maximum of £100,000.

27. LEASE COMMITMENTS

Payments in respect of operating leases have been committed for the year ending 30 April 1992 as follows:

	The Group		The Company	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Land and buildings Leases which expire:				
Within one year	199	157	-	-
In second to fifth years	169	169	-	-
After more than five years	<u>3,372</u>	<u>3,372</u>	-	-
	<u>3,740</u>	<u>3,698</u>	-	-

28. PENSION COMMITMENTS

The group operates two pension schemes, the main one being the contributory Halcrow Pension Scheme (HPS) for staff. Both schemes provide benefits calculated in relation to final pensionable salary. The assets of both schemes are held separately from those of the group, and are invested by independent investment managers.

Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of regular valuations. For HPS, the most recent valuation was as at 5 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 4% per annum. The valuation showed that the scheme held assets with a market value of £59.9 million and that 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 Halcrow Retirement Benefits Scheme (now closed to new members) was carried out as at 30 April 1987 and this showed that the market value of the Scheme's assets was £7.3 million and that 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. Group contributions to the Scheme have continued at a rate which was calculated to be sufficient to meet the liabilities over the members' working lifetimes.

An amount of £3,449,000 (1990: £2,599,000) is included in other creditors and represents the timing difference between the costing of the Scheme and the agreed funding (see note 1(k) of the financial statements).

HALCROW HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1991
CONTINUED

29. ASSETS PLEDGED

The group has lodged investments (UK government securities and cash deposits) with a market value of £4,787,000 (1990: £2,703,000) as security for banking facilities.

The group has also agreed to grant a charge over certain freehold and leasehold properties as security for banking facilities.

30. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The company has the following principal subsidiary and related undertakings which supply services as consulting engineers:-

Subsidiary undertakings:-	Percentage owned:-
Sir William Halcrow & Partners Limited *	100%
Sir William Halcrow & Partners Scotland Limited *	100%
Halcrow Consulting Limited	100%
Halcrow Offshore *	100%
Halcrow S.E.A. Limited	100%
Halcrow Severn Limited *	75%
Halcrow Asia Partnership Limited *	100%
Halcrow International Limited	100%
Sir William Halcrow & Partners (Malaysia) Limited *	100%
Halcrow-Ewbank Petroleum & Offshore Engineering Company *	50%
Associated undertakings:-	
Halcrow Fox & Associates Limited *	50%
Halcrow-ULG Limited *	50%
Halcrow Gilbert Associates Limited *	50%

All the above subsidiary and associated undertakings are incorporated in Great Britain. Sir William Halcrow & Partners Scotland Limited is registered in Scotland. All the other undertakings are registered in England and Wales.

The principal country of operation of all these undertakings is Great Britain, except for Sir William Halcrow & Partners (Malaysia) Limited and Halcrow Asia Partnership Limited, which operate in the Far East.

All holdings are of ordinary shares.

* Indicates that the shares are held by an intermediate holding company.