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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30 APRIL 1992

REGISTERED NUMBER: 1674044

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HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 APRIL 1992

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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1992

The directors present their annual report and the audited financial statements for the year ended 30 April 1992.

1. PRINCIPAL ACTIVITY

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

2. GROUP RESULTS AND TRANSFER TO RESERVES

The group made a profit on ordinary activities before taxation of £1,567,000 (1991: £1,754,000).

There was a loss attributable to shareholders of £227,000 (1991: profit of £978,000) which, after an ordinary dividend of £25,000 (1991: £24,000), resulted in a retained loss of £252,000 (1991: retained profit of £954,000) which was transferred to reserves.

3. DIVIDEND

The directors recommend a dividend of 9p per ordinary share to be paid on 9 November 1992 to those members on the register at the close of business on 2 November 1992. The Halcrow Trust and The Halcrow Partnership have waived their entitlement to this dividend.

4. BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The trading results for the year show a very satisfactory increase in both turnover and operating profit, up by 26% and 193% respectively. The year has seen a significant rise in the group's income from abroad, particularly in the Middle East and the Far East. The group has made a significant investment in the Asia Pacific region in the past few years, with the establishment of regional offices in key countries, so it is particularly satisfying to see this investment bear fruit. The directors continue to see this area as one which offers considerable opportunities and it is our intention to build on the success of the past year.

The United Kingdom has also played its part in the success of the past year, with an increase of 13% in turnover. Price competition continues to be fierce and the group continuously reviews its operating units to ensure that they remain competitive.

During the course of the year the group bought 50% of the share capital of Halcrow Fox and Associates Limited, bringing it into 100% ownership. This company is one of the leading firms of transportation and planning consultants and it is anticipated that it will significantly add to the capabilities and profits of the group over the coming years. In addition, the group has established a joint venture company in Hungary, Vituki Consult Rt, in association with the Hungarian Government-owned organisation, Vituki (Water Resources Research Centre of Budapest) and another UK company.

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1992
CONTINUED

4. BUSINESS REVIEW AND FUTURE DEVELOPMENTS - continued

Vituki Consult Rt provides consultancy and research services in the field of environmental and water management in Hungary and throughout central and eastern Europe.

In 1991 several tenants of Shortlands, the long leasehold investment property held by the group, terminated their leases. As a result of this, a net rental loss of £943,000 was incurred on investment properties in the year (1991:profit of £260,000) and this is disclosed in the profit and loss account as an exceptional item. The directors have also reviewed the valuation of this building, which was acquired from The Halcrow Partnership in 1990 for £4 million. Following advice that since its acquisition commercial property in London had reduced in value by between 25% and 40%, the directors decided that its value should be written down by 35%, or £1,400,000. This writedown is disclosed in the profit and loss account as an extraordinary item. The directors have no current plans to dispose of this property.

Since 30 April 1992 a tenant has signed an agreement for a lease of the majority of the vacant space.

The directors are pleased to announce that following audits of our Quality System, carried out by assessors from the British Standards Institute in February 1992, eight of our offices in England and Wales were simultaneously registered in April 1992 as meeting the requirements of BS5750 Part I. We understand that we are the first engineering consultancy practice to be assessed 'in one fell swoop'. This achievement complements the similar success of Sir William Halcrow & Partners Scotland Limited which achieved registration last December.

5. SHARE CAPITAL

On 1 November 1991, 271,800 ordinary shares of £1 each (representing 1.8% of the total ordinary share capital of the company) were issued to directors and staff. Details are shown in note 20 of the financial statements.

The remainder of the ordinary share capital at 30 April 1992 was held as follows:

The Halcrow Trust: 8,185,250 ordinary shares (54.0%)
The Halcrow Partnership: 6,697,017 ordinary shares (44.2%)

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1992
CONTINUED

6. DIRECTORS AND DIRECTORS' INTERESTS

The following were directors of the company throughout the period to date:

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

The interests of the directors in the share capital of the company were as follows:

	At 30 April 1992	At 30 April 1991
Ordinary shares of £1	Number	Number
M S Fletcher	5,000	-
D Buckley	5,000	-
H G Johnson	5,000	-
D O Lloyd	5,000	-
A C Cadwallader	5,000	-
D J Pollock	5,000	-

Each of the directors listed above is a partner in The Halcrow Partnership which at 30 April 1992 beneficially owned 44.2% (30 April 1991: 45.0%) of the issued share capital of the company.

Each of Mr D Buckley and Mr A C Cadwallader has a non-beneficial interest in a further 54.0% (1991: 55.0%) 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.

7. FIXED ASSETS

On 7 January 1992, the group acquired the 50% of the share capital of Halcrow Fox and Associates Limited that it did not already own, as referred to above. The consideration was £1m payable on completion and a further amount payable in the future depending on the profits of Halcrow Fox and Associates Limited in the years ending 30 April 1992 to 30 April 1994. The consideration included goodwill of £334,000.

During the year the group also acquired the 25% of the share capital of Halcrow Severn Limited that it did not already own and increased its interest in Halcrow McLachlan Limited (formerly Halcrow McLachlan Kinhill Management Limited) from 33.3% to 50.0% of the issued share capital.

Movements in tangible assets are shown in note 13 of the financial statements.

Movements in fixed asset investments are shown in note 14 of the financial statements.

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1992
CONTINUED

8. CLOSE COMPANY PROVISIONS

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

9. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company holds insurance cover in respect of the legal liability of directors and officers.

10. CHARITABLE CONTRIBUTIONS

Contributions made by the group during the year for charitable purposes were £11,000 (1991:£11,000).

11. 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.

12. 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 and operates a Savings-Related Share Option Scheme under which employees may save and subscribe for shares on advantageous terms.

HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1992
CONTINUED

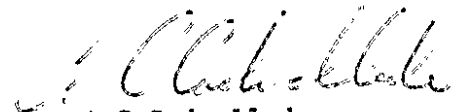
13. AUDITORS

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 who have expressed their willingness to continue in office. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

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

By order of the board



A C Cadwallader
Secretary
14 October 1992

REPORT OF THE AUDITORS TO THE MEMBERS OF
HALCROW HOLDINGS LIMITED

We have audited the financial statements on pages 7 to 29 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 1992, and of the result and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditor
London
14 October 1992

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1992

	<u>Notes</u>	<u>1992</u> £000	<u>1991</u> £000
Turnover	2	73,205	58,111
Cost of sales		<u>(51,691)</u>	<u>(39,065)</u>
Gross profit		21,514	19,046
Administrative expenses		<u>(19,731)</u>	<u>(18,437)</u>
Operating profit before exceptional item		1,783	609
Exceptional item:			
(Loss)/income from investment properties	3	<u>(943)</u>	<u>260</u>
Operating profit after exceptional item	4	840	869
Share of profits of associated undertakings		90	231
Interest receivable and similar income	5	854	922
Interest payable and similar charges	6	<u>(217)</u>	<u>(268)</u>
Profit on ordinary activities before taxation		1,567	1,754
Tax on profit on ordinary activities	9	<u>(561)</u>	<u>(718)</u>
Profit on ordinary activities after taxation		1,006	1,036
Loss attributable to minority interests		<u>-</u>	<u>4</u>
Profit before extraordinary items		1,006	1,040
Extraordinary items	10	<u>(1,233)</u>	<u>(62)</u>
(Loss)/profit attributable to shareholders		(227)	978
Dividend	11	<u>(25)</u>	<u>(24)</u>
Retained (loss)/profit		<u>(252)</u>	<u>954</u>

STATEMENT OF CONSOLIDATED RETAINED PROFIT

Retained profit at 1 May 1991	1,403	431
Retained (loss)/profit for the year	(252)	954
Transfer from revaluation reserve	<u>-</u>	<u>18</u>
Retained profit at 30 April 1992	<u>1,151</u>	<u>1,403</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET - 30 APRIL 1992

	<u>Notes</u>	<u>1992</u> £000	<u>1991</u> £000
FIXED ASSETS			
Intangible assets	12	323	-
Tangible assets	13	11,278	11,798
Investments	14	<u>398</u>	<u>649</u>
		<u>11,999</u>	<u>12,447</u>
CURRENT ASSETS			
Debtors	15	24,626	19,467
Investments	16	2,280	4,592
Cash at bank and in hand		<u>4,239</u>	<u>4,456</u>
		31,145	28,515
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>(24,249)</u>	<u>(22,244)</u>
NET CURRENT ASSETS		<u>6,896</u>	<u>6,271</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,895	18,718
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	(933)	(847)
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(888)</u>	<u>(817)</u>
		<u>17,074</u>	<u>17,054</u>
CAPITAL AND RESERVES			
Called up share capital	20	15,164	14,892
Share premium account	21	616	616
Profit and loss account	23	1,151	1,403
Capital reserve	24	<u>138</u>	<u>138</u>
		17,069	17,049
Minority interests		<u>5</u>	<u>5</u>
		<u>17,074</u>	<u>17,054</u>

The financial statements were approved by the board of directors on 14 October 1992.

M S Fletcher

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M. S. Fletcher

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Directors

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D Buckley

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D. Buckley

HALCROW HOLDINGS LIMITED

BALANCE SHEET - 30 APRIL 1992

	<u>Notes</u>	<u>1992</u> £000	<u>1991</u> £000
FIXED ASSETS			
Investments	14	<u>11,664</u>	<u>14,220</u>
CURRENT ASSETS			
Debtors	15	4,756	1,676
Cash at bank and in hand		<u>44</u>	<u>1</u>
		4,800	1,677
CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR			
	17	<u>(49)</u>	<u>(156)</u>
NET CURRENT ASSETS		<u>4,751</u>	<u>1,521</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,415	15,741
CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	18	<u>(99)</u>	<u>(211)</u>
		<u>16,316</u>	<u>15,530</u>
CAPITAL AND RESERVES			
Called up share capital	20	15,164	14,892
Share premium account	21	616	616
Profit and loss account	23	<u>536</u>	<u>22</u>
		<u>16,316</u>	<u>15,530</u>

M S Fletcher)

M.S. Keele

)

)

) Directors

D Buckley)

)

D. Buckley

HALCROW HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1992

	<u>Notes</u>	<u>1992</u> £000	<u>1991</u> £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	<u>1,400</u>	<u>1,742</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Dividend paid		(24)	-
Dividend received from associated undertaking		-	150
Interest received		920	937
Interest paid		(172)	(265)
Interest element of finance lease payments		<u>(38)</u>	<u>(5)</u>
TOTAL RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>686</u>	<u>817</u>
TAXATION			
UK corporation tax paid		(51)	(83)
Overseas tax paid		(247)	(161)
Receipt from affiliated undertaking for tax losses		<u>123</u>	<u>-</u>
TOTAL TAXATION		<u>(175)</u>	<u>(244)</u>
INVESTING ACTIVITIES			
Purchase of shares in Halcrow Fox and Associates Limited	28	(1,294)	-
Purchase of shares in associated undertakings		(33)	(160)
Repayment of loans by associated undertakings		12	51
Purchase of tangible fixed assets		(1,608)	(2,995)
Disposal of tangible fixed assets		158	221
Purchase of current asset investments		(2,280)	(1,631)
Sale of current asset investments		<u>3,114</u>	<u>1,184</u>
TOTAL INVESTING ACTIVITIES		<u>(1,931)</u>	<u>(3,330)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(20)</u>	<u>(1,015)</u>
FINANCING			
Repayment of indebtedness to affiliated undertakings		(1,924)	(6,893)
Capital element of finance lease payments		(246)	(25)
New finance leases taken out		556	118
Issue of new shares		267	8,308
Issue of new debenture loans		5	14
Repayment of debenture loans		(112)	-
Bank loan received		-	326
Repayment of bank loan		(18)	-
Repayment of other loan		<u>(6)</u>	<u>(7)</u>
TOTAL FINANCING		<u>(1,478)</u>	<u>1,841</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	29	<u>(1,498)</u>	<u>826</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992

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.

(b) Consolidation

The consolidated financial statements comprise the financial statements of the company and all its subsidiary and associated undertakings. Any subsidiary and associated undertakings sold or acquired during the year are included up to, or from, the dates of sale or acquisition.

Goodwill, which represents the excess of the value of the purchase consideration for shares in subsidiary and associated undertakings over the fair value to the group of the net assets acquired, is amortised over its estimated useful economic life of ten years.

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 are included in debtors. They 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 payments on account.

(e) Claims

No credit is taken in the financial statements for amounts claimed for additional costs resulting from changes to original project specifications until these have been agreed by the client.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Depreciation of tangible assets

Depreciation of tangible 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 tangible fixed asset is as follows:

Short leasehold property	-	period of lease
Motor vehicles	-	25%
Furniture and equipment		
- Computers	-	33%
- Other	-	20%
Freehold property	-	1%

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

(g) Investment properties

In accordance with SSAP 19:

- (i) Investment properties are revalued annually. The aggregate deficit against their historical cost has been charged to the profit and loss account.
- (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.

(h) 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 United Kingdom 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 UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES - Continued
(i) 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 United Kingdom taxation provisions are reduced to the extent that double taxation relief is available.

(j) Affiliated undertakings

The Halcrow Partnership owns 44.2% (1991:45.0%) 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.

(k) Comparative figures

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

(l) Pensions

Benefits are funded by payments to trustee administered funds.

The main scheme is the Halcrow Pension Scheme (HPS) which provides benefits calculated in relation to final salary. 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 scheme.

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.

(m) 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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

2. **TURNOVER**

The geographical analysis of group turnover is as follows:-

	<u>1992</u>	<u>1991</u>
	£000	£000
United Kingdom and Europe	50,998	44,954
Far East	13,067	7,825
Middle East	5,426	1,965
The Americas	2,860	464
Africa	732	2,090
Australasia	122	813
	<u>73,205</u>	<u>58,111</u>

3. **(LOSS)/INCOME FROM INVESTMENT PROPERTIES**

	<u>1992</u>	<u>1991</u>
	£000	£000
3 Shortlands, Hammersmith, London W6	(1,005)	239
Newcombe House, Notting Hill Gate, London W11	<u>62</u>	<u>21</u>
	<u>(943)</u>	<u>260</u>

The loss from the group's property at 3 Shortlands, Hammersmith, London W6 arose when several tenants vacated the property following expiry of their leases.

Since 30 April 1992 a tenant has signed an agreement for a lease of the majority of the empty space.

4. **OPERATING PROFIT**

	<u>1992</u>	<u>1991</u>
	£000	£000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration - group	74	101
- company	12	18
Depreciation of tangible fixed assets	873	754
Amortisation of goodwill	11	-
Bad debt provisions	274	386
Profit on sale of tangible fixed assets	(21)	(64)
Exchange losses/(profits)	144	(72)
Operating leases: rent of premises	4,945	2,697
hire of vehicles and equipment	<u>77</u>	<u>44</u>

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>1992</u>	<u>1991</u>
	£000	£000
Interest on fixed interest securities	80	228
Other interest receivable	589	520
Profit on sale of fixed interest securities	185	-
Release of provision against cost of fixed interest securities	<u>-</u>	<u>174</u>
	<u>854</u>	<u>922</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992

CONTINUED

6. INTEREST PAYABLE AND SIMILAR CHARGES	<u>1992</u>	<u>1991</u>
	£000	£000
Interest payable on:		
Borrowings repayable within five years	124	183
Finance leases	38	5
All other loans	<u>55</u>	<u>80</u>
	<u>217</u>	<u>268</u>

7. EMPLOYEE INFORMATION

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

	<u>1992</u>	<u>1991</u>
	Number	Number
Professional and technical	1,070	982
Clerical	<u>316</u>	<u>278</u>
	<u>1,386</u>	<u>1,260</u>

(b) Staff costs during the year were:

	<u>1992</u>	<u>1991</u>
	£000	£000
Wages and salaries	27,991	25,817
Social security costs	2,083	1,877
Other pension costs	<u>2,248</u>	<u>2,250</u>
	<u>32,322</u>	<u>29,944</u>

8. DIRECTORS' EMOLUMENTS

Staff costs include the following emoluments (including pensions contributions) of directors of Halcrow Holdings Limited:

	<u>1992</u>	<u>1991</u>
	£000	£000
	<u>657</u>	<u>859</u>

The above costs include amounts (excluding pension contributions) paid to:

The Chairman	106	97
The highest paid director	<u>110</u>	<u>97</u>

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

	<u>1992</u>	<u>1991</u>
	Number	Number
£ 90,001 - £ 95,000	-	7
£ 95,001 - £100,000	-	2
£100,001 - £105,000	2	-
£105,001 - £110,000	4	-

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992

CONTINUED

9.	TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1992</u>	<u>1991</u>
		£000	£000
	UK corporation tax at 33% (1991: 34%):		
	current year	563	134
	adjustment to prior year provision	(157)	-
	Transfer (from)/to deferred taxation	(23)	1
	Reduction in income tax	-	(2)
	Overseas taxation	174	505
	Share of associated undertakings' tax charge	<u>4</u>	<u>80</u>
		<u>561</u>	<u>718</u>
	There are losses carried forward for United Kingdom tax purposes of approximately £74,000 (1991: £1.8 million).		
10.	EXTRAORDINARY ITEMS	<u>1992</u>	<u>1991</u>
		£000	£000
	Provision against value of leasehold property (note 13)	(1,400)	-
	Release of provision/(charge) in respect of disposal of business of subsidiary undertaking	<u>167</u>	<u>(62)</u>
		(1,233)	(62)
	Less: tax on extraordinary items	<u>-</u>	<u>-</u>
		<u>(1,233)</u>	<u>(62)</u>
11.	DIVIDEND	<u>1992</u>	<u>1991</u>
		£000	£000
	Proposed dividend		
	9p per share on 280,200 shares		
	(1991: 9p per share on 271,800 shares)	<u>25</u>	<u>24</u>
12.	INTANGIBLE ASSETS - GOODWILL	<u>1992</u>	<u>1991</u>
		£000	£000
	Cost		
	At 1 May 1991	-	-
	Arising on acquisition of remaining 50% of Halcrow Fox and Associates Limited	<u>334</u>	<u>-</u>
	At 30 April 1992	<u>334</u>	<u>-</u>
	Amortisation		
	At 1 May 1991	-	-
	Charge for year	<u>11</u>	<u>-</u>
	At 30 April 1992	<u>11</u>	<u>-</u>
	NET BOOK VALUE AT 30 APRIL 1992	<u>323</u>	<u>-</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

13. TANGIBLE FIXED ASSETS

	<u>LAND AND BUILDINGS:</u>		<u>Short Lease £000</u>	<u>MOTOR VEHICLES £000</u>	<u>FURNITURE AND EQUIPMENT £000</u>	<u>TOTAL £000</u>
	<u>Freehold £000</u>	<u>Long Lease £000</u>				
<u>COST OR VALUATION</u>						
At 1 May 1991	6,216	4,040	245	1,270	4,229	16,000
Acquisition of new subsidiary	-	-	-	106	575	681
Additions	424	-	-	642	542	1,608
Disposals	-	-	-	(351)	(92)	(443)
Revaluation	-	(1,400)	-	-	-	(1,400)
At 30 April 1992	6,640	2,640	245	1,667	5,254	16,446
<u>DEPRECIATION</u>						
At 1 May 1991	-	-	206	550	3,446	4,202
Acquisition of new subsidiary	-	-	-	21	378	399
Charge for year	65	-	3	324	481	873
Disposals	-	-	-	(232)	(74)	(306)
At 30 April 1992	65	-	209	663	4,231	5,168
<u>NET BOOK VALUE</u>						
At 30 April 1992	6,575	2,640	36	1,004	1,023	11,278
At 30 April 1991	6,216	4,040	39	720	783	11,798

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

13. TANGIBLE FIXED ASSETS - Continued

FIXED ASSETS HELD UNDER FINANCE LEASES

There are assets held under finance leases as follows:

	<u>1992</u> £000	<u>1991</u> £000
Net book value at 30 April		
Motor vehicles	649	86
Furniture and equipment	<u>46</u>	<u>3</u>
	<u>695</u>	<u>89</u>
Depreciation charge for the year		
Motor vehicles	105	1
Furniture and equipment	<u>7</u>	<u>1</u>
	<u>112</u>	<u>2</u>

LONG LEASEHOLD PROPERTY

The directors have reviewed the valuation of the long leasehold property, 3 Shortlands, Hammersmith, London W6, which was acquired in 1990 for £4,040,000. Following advice from Chartered Surveyors that since its acquisition commercial property in London had reduced in value by between 25% and 40%, the directors decided that its value should be written down by 35%, or £1,400,000, to £2,640,000. The directors have no current plans to dispose of this property.

FREEHOLD PROPERTY

The group 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 additions.

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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

14.	FIXED ASSET 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 1991	637	12	649
	Additions	33	-	33
	Repayment of loan	-	(12)	(12)
	Adjustment for associated undertaking becoming subsidiary	(672)	-	(672)
	Other movements	400	-	400
	At 30 April 1992	<u>398</u>	<u>-</u>	<u>398</u>

THE COMPANY

SHARES IN SUBSIDIARY UNDERTAKINGS

COST

At 1 May 1991 and 30 April 1992 £000
15,338

PROVISIONS

At 1 May 1991 1,118
Charged to profit and loss account 2,556
At 30 April 1992 3,674

NET BOOK VALUE

At 30 April 1992 11,664

At 30 April 1991 14,220

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 36 of the financial statements.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

15. DEBTORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1992</u>		<u>1991</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Amounts recoverable on contracts	6,477	-	5,386	-
Trade debtors	16,442	-	12,289	-
Amounts owed by subsidiary undertakings	-	4,756	-	1,676
Amounts owed by affiliated undertakings	-	-	73	-
Amounts owed by associated undertakings	44	-	254	-
Other debtors	563	-	715	-
Prepayments and accrued income	1,100	-	750	-
	<u>24,626</u>	<u>4,756</u>	<u>19,467</u>	<u>1,676</u>

16. INVESTMENTS HELD AS CURRENT ASSETS

	<u>1992</u>		<u>1991</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 £2,336,000 1991: £4,653,000)	2,280	-	4,592	-

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

17. CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1992</u>		<u>1991</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Bank loans and overdrafts	1,652	-	1,867	-
Payments on account	7,771	-	5,677	-
Trade creditors	2,100	-	1,208	-
Obligations under finance leases	314	-	48	-
Amounts owed to subsidiary undertakings	-	-	-	66
Amounts owed to affiliated undertakings	230	-	2,154	-
Amounts owed to associated undertakings	127	-	546	-
Liabilities for taxation and social security	3,701	14	2,961	50
Accruals and deferred income	7,432	10	7,089	16
Proposed dividend	25	25	24	24
Other creditors	897	-	670	-
	<u>24,249</u>	<u>49</u>	<u>22,244</u>	<u>156</u>

Included in accruals and deferred income is an amount of £140,000 (1991: £305,000) in respect of contract losses.

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

	<u>1992</u>		<u>1991</u>	
	The Group £000	The Company £000	The Group £000	The Company £000
Debenture loans	99	99	211	211
Obligations under finance leases	198	-	45	-
Accruals and deferred income	286	-	235	-
Other loan	350	-	356	-
	<u>933</u>	<u>99</u>	<u>847</u>	<u>211</u>

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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

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

Debenture Loans - Continued

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 1991	211	211
Issue of new debentures	5	5
Redemption	(112)	(112)
Conversion to ordinary shares	(5)	(5)
Balance at 30 April 1992	99	99
Repayable otherwise than by instalments in more than five years	74	74

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

	1992		1991	
	The Group £000	The Company £000	The Group £000	The Company £000
Repayable by instalments in more than five years	325	-	330	-
Repayable by instalments within five years	25	-	26	-
	350	-	356	-

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

19. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	At 1 May 1991 £000	Applied in year £000	Charged/ (credited) to profit & loss account £000	At 30 April 1992 £000
Contract loss provision	19	(19)	-	-
Provision for excesses on insurance claims	295	(160)	160	295
Property dilapidation provision	474	-	113	587
Deferred tax	29	-	(23)	6
	817	(179)	250	888

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

**HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992

CONTINUED

20. SHARE CAPITAL	<u>1992</u>	<u>1991</u>
	£000	£000
Authorised		
19,990,000 ordinary shares of £1 each	19,990	19,990
10,000 preference shares of £1 each	<u>10</u>	<u>10</u>
	<u>20,000</u>	<u>20,000</u>
Allotted and fully paid		
15,154,067 ordinary shares of £1 each	15,154	14,882
10,000 preference shares of £1 each	<u>10</u>	<u>10</u>
	<u>15,164</u>	<u>14,892</u>

On 1 November 1991, 271,800 ordinary shares of £1 each were issued to directors and staff on the following terms:

- 266,800 shares at par for cash,
- 5,000 shares at £1.14 per share which was satisfied by the conversion of debenture loan stock (see note 18).

The total consideration received was therefore £272,500.

21. SHARE PREMIUM ACCOUNT	<u>1992</u>	<u>1991</u>
	£000	£000
At 1 May 1991	616	-
Arising on issue of shares in year	<u>-</u>	<u>616</u>
At 30 April 1992	<u>616</u>	<u>616</u>

22. OPTIONS

Options in respect of 1,212,210 ordinary shares of £1 each were outstanding at 30 April 1992 under the group's Savings-Related Share Option Scheme.

Options may be exercised as follows:

Number	Option price	Dates when exercisable
679,500	£1.00	1996
<u>532,710</u>	£1.00	1998
<u>1,212,210</u>		

23. PROFIT AND LOSS ACCOUNT

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

	Holding company	Subsidiary and associated undertakings	Total
	£000	£000	£000
At 1 May 1991	22	1,381	1,403
Retained profit/(loss)	<u>514</u>	<u>(766)</u>	<u>(252)</u>
At 30 April 1992	<u>536</u>	<u>615</u>	<u>1,151</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

23. 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 losses of subsidiary and associated undertakings in the figures for Halcrow Holdings Limited.

24. 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.

25. REVALUATION RESERVE

	<u>1992</u>	<u>1991</u>
	£000	£000
Balance at 1 May 1991	-	18
Transfer to profit and loss account	<u>-</u>	<u>(18)</u>
Balance at 30 April 1992	<u>-</u>	<u>-</u>

26. OVERSEAS ASSETS

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

	<u>1992</u>	<u>1991</u>
	£000	£000
Debtors	1,801	1,842
Cash	<u>133</u>	<u>346</u>
	1,934	2,188
Provision	<u>(1,675)</u>	<u>(1,937)</u>
	<u>259</u>	<u>251</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 £168,000 (1991:nil) was transferred to the United Kingdom but no further payments (1991:nil) were received in Libya.

Due mainly to the receipt of funds into the United Kingdom the provision has been reduced by £262,000 (1991: increase of £177,000) making a total provision of £1,675,000.

Additionally, included in taxation provisions is an amount of £216,000 (1991:£205,000). 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
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

27. NET CASH FLOW FROM OPERATING ACTIVITIES	<u>1992</u> £000	<u>1991</u> £000
Operating profit	840	869
Depreciation of tangible fixed assets	873	754
Amortisation of goodwill	11	-
Profit on sale of fixed assets	(21)	(64)
Movement in provisions	94	117
Increase in debtors	(2,720)	(263)
Increase in creditors	<u>2,323</u>	<u>329</u>
	<u>1,400</u>	<u>1,742</u>

28. PURCHASE OF SHARES IN HALCROW FOX AND ASSOCIATES LIMITED

On 7 January 1992, the group acquired the 50% of the share capital of Halcrow Fox and Associates Limited that it did not already own.

The book values of assets and liabilities of Halcrow Fox and Associates Limited at that date were:

	£000
Tangible assets	282
Debtors	2,645
Cash	56
Trade and other creditors	(1,295)
Bank overdraft	<u>(345)</u>
	<u>1,343</u>

The cost of the shares, including £5,000 legal fees, was £1,005,000. This was paid in cash.

The directors considered that the fair value of the assets and liabilities was equal to the book value.

The sum of net assets attributable to the 50% shareholding acquired was therefore £671,000.

The goodwill of £334,000 arising is being amortised over its estimated useful economic life of ten years.

Additional consideration may be payable to the vendor depending upon the profitability of Halcrow Fox and Associates Limited in the years ending 30 April 1992 to 30 April 1994.

The effect of the acquisition on the group's cash flow, as shown in the consolidated cash flow statement on page 10 of the financial statements, was:

	£000
Cost of investment	1,005
Net debt acquired	<u>289</u>
Decrease in cash and cash equivalents	<u>1,294</u>

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

29. CASH FLOW		<u>1992</u>	<u>1991</u>
		£000	£000
 Analysis of change in cash and cash equivalents in the year			
Balance at 1 May			
Short term investments*		1,478	996
Cash at bank and in hand		4,456	5,828
Bank loans and overdrafts*		<u>(1,541)</u>	<u>(3,257)</u>
		<u>4,393</u>	<u>3,567</u>
 Balance at 30 April			
Short term investments*		-	1,478
Cash at bank and in hand		4,239	4,456
Bank loans and overdrafts*		<u>(1,344)</u>	<u>(1,541)</u>
		<u>2,895</u>	<u>4,393</u>
 Change in the year		 <u>(1,498)</u>	 <u>826</u>

* These are investments or borrowings with original maturities of less than three months. Changes in other investments are dealt with in the cash flow statement under investing activities. Changes in other borrowings are dealt with under financing activities.

30. CAPITAL COMMITMENTS	The Group		The Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£000	£000	£000	£000
 Contracted for but not provided in the financial statements				
	13	504	-	-
 Authorised but not contracted for				
	<u>64</u>	<u>67</u>	<u>-</u>	<u>-</u>
31. CONTINGENT LIABILITIES	The Group		The Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£000	£000	£000	£000
 Performance and advance payment bonds provided by banks				
	1,842	1,414	-	-
 Borrowings of subsidiary undertakings for which guarantees have been given				
	<u>-</u>	<u>-</u>	<u>663</u>	<u>-</u>
	<u>1,842</u>	<u>1,414</u>	<u>663</u>	<u>-</u>

Where contract values are denominated in foreign currencies, the group in some cases enters into forward exchange contracts to protect the sterling value of its future earnings.

The company has also provided guarantees on behalf of subsidiary undertakings in respect of property leases entered into in the ordinary course of business.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

32. CLAIMS

The group has significant claims for additional payments under negotiation with clients. In accordance with its accounting policy, no credit has been taken for any amount that may be received as a result of these negotiations (see note 1(e) of the financial statements).

33. LEASE COMMITMENTS

Payments in respect of operating leases have been committed for the year ending 30 April 1993 as follows:

	The Group		The Company	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£000	£000	£000	£000
Land and buildings				
Leases which expire:				
Within one year	738	199	-	-
In second to fifth years	145	169	-	-
After more than five years	4,916	3,372	-	-
	<u>5,799</u>	<u>3,740</u>	<u>-</u>	<u>-</u>
 Vehicles and equipment				
Leases which expire:				
Within one year	32	12	-	-
In second to fifth years	57	30	-	-
	<u>89</u>	<u>42</u>	<u>-</u>	<u>-</u>

34. PENSION COMMITMENTS

The group operates various pension schemes for eligible employees of the group. The assets of all schemes are held separately from those of the group, and are invested by independent investment managers.

The main scheme is the Halcrow Pension Scheme (HPS) which provides benefits calculated in relation to final pensionable salary.

Contributions to the Scheme 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.

The most recent valuation of HPS 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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992

CONTINUED

34. PENSION COMMITMENTS - Continued

In accordance with SSAP 24, an amount of £4,042,000 (1991:£3,449,000) is included in accruals and represents the timing difference between the costing of the Scheme and the agreed funding (see note 1(1) of the financial statements).

35. ASSETS PLEDGED

The group has lodged investments (UK government securities and cash deposits) with a market value of £1,519,000 (1991: £4,787,000) as security for banking facilities.

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

A subsidiary undertaking has granted a fixed and floating charge over its assets as security for its banking facility. Amounts due by this undertaking to the bank have also been guaranteed by the group. Accordingly, its overdraft of £440,000 (1991:nil) has been offset in the consolidated balance sheet against cash deposits held by the group at the same bank.

36. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The company has the following principal subsidiary and related undertakings:-

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

Associated undertakings:-

Halcrow Gilbert Associates Limited *	50%
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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.

All holdings are of ordinary shares.

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

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1992
CONTINUED

36. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS - Continued

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

The principal activity of all the above undertakings is the supply of services as consulting engineers, except for Burderop Investments Limited and Shortlands Investments Limited whose principal activity is property investment.