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HALCROW HOLDINGS LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30 APRIL 1994

REGISTERED NUMBER: 1674044



HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 APRIL 1994

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HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1994

The directors present their annual report and the audited financial statements for the year ended 30 April 1994.

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 before taxation of £1,681,000 (1993: £2,520,000).

There was a profit attributable to shareholders of £878,000 (1993: £457,000) which, after an ordinary dividend of £23,000 (1993:£23,000), resulted in a retained profit of £855,000 (1993:£434,000) which was transferred to reserves.

3. **DIVIDEND**

The directors recommend a dividend of 8p (1993: 8p) per ordinary share to be paid on 7 November 1994 to those members on the register at the close of business on 31 October 1994. The Halcrow Trust and The Halcrow Partnership have waived their entitlement to this dividend.

4. **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

Turnover for the year increased by £13 million, i.e. by 17%, helped in part by the acquisition of Transmark, the specialist railway consultants, in April 1993. In particular, the level of activity in the Far East has greatly increased, with strong growth in earnings in Malaysia and Hong Kong. Major commissions were won in Malaysia during the year and this success has continued into the current financial year. Excellent relationships with our clients in that country have been uninterrupted.

Latin America has been another area of growth for the group. Turnover there has doubled in the year thanks to the increasing number of projects we have won and we are continuing to win in the current financial year.

Transmark has also made an important contribution to profits. Including the results of its associated companies, it generated approximately £600,000 for the year, exceeding expectations when we acquired it. The group continues to see substantial opportunities in the railway sector.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1994
CONTINUED

4. BUSINESS REVIEW AND FUTURE DEVELOPMENTS - continued

Profit margins generally in the UK have continued to be tight. However, the group was delighted to acquire Gloucester Design, the transportation engineering unit of Gloucestershire County Council, in April of this year, and in September the project engineering and surveying units of the National Rivers Authority. These organisations come with a combined staff in excess of 250 people, together with long term contracts to supply services. They greatly enhance our group capabilities and strengthen our UK regional office network.

Although the trading results for the year show a reduction compared with those for 1993, the previous year's profits were enhanced by the settlement of a significant claim on a major project of some £3.7 million. Excluding this, there was an improvement in the underlying profitability of the group and an increase in profits after tax.

Profits continue to be depressed by the group's leasehold interest in the office building at 3 Shortlands in Hammersmith. Although the building is fully let, the directors believe that it would be prudent to make a further provision of £650,000 against the book value of the interest. Efforts have been made to dispose of the interest, but these have not been successful to date, and it remains on the market. Rental income will make a contribution to profits in the current year

The directors are confident that the opportunities available to the group will ensure further successful development.

5. SHARE CAPITAL

The ordinary share capital at 30 April 1994 was held as follows:

| | |
|--------------------------|-----------------------------------|
| The Halcrow Trust: | 8,167,250 ordinary shares (53.9%) |
| The Halcrow Partnership: | 6,697,017 ordinary shares (44.2%) |
| Directors and staff: | 289,800 ordinary shares (1.9%) |

On 3 May 1994 The Halcrow Partnership gave an additional 1,116,170 shares to The Halcrow Trust.

The ordinary share capital at 30 September 1994 was held as follows:

| | |
|--------------------------|-----------------------------------|
| The Halcrow Trust: | 9,288,420 ordinary shares (61.3%) |
| The Halcrow Partnership: | 5,580,847 ordinary shares (36.8%) |
| Directors and staff: | 289,800 ordinary shares (1.9%) |

The preference shares are held by The Halcrow Partnership.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1994
CONTINUED

6. DIRECTORS AND DIRECTORS' INTERESTS

The following were directors of the company at 30 April 1994:

| | |
|--------------|-----------------|
| M S Fletcher | A C Cadwallader |
| D Buckley | D J Pollock |
| D O Lloyd | P G Gammie |

The following person also served as a director in the period under review:

Mr H G Johnson (retired 30 April 1994)

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

| | At 30 April 1994 | At 30 April 1993 |
|-----------------------|---------------------|---------------------|
| Ordinary shares of £1 | Number | Number |
| M S Fletcher | 5,000 | 5,000 |
| D Buckley | 5,000 | 5,000 |
| D O Lloyd | 5,000 | 5,000 |
| A C Cadwallader | 5,000 | 5,000 |
| D J Pollock | 5,000 | 5,000 |
| P G Gammie | 3,200 | 2,600 |

Mr M S Fletcher, Mr D Buckley, Mr D O Lloyd, Mr A C Cadwallader and Mr D J Pollock are partners in The Halcrow Partnership which at 30 April 1994 beneficially owned 44.2% (30 April 1993: 44.2%) of the issued share capital of the company.

Each of Mr D Buckley, Mr A C Cadwallader and Mr P G Gammie has a non-beneficial interest in a further 53.9% (1993: 53.9%) 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 P G Gammie also has options over 11,250 ordinary shares (30 April 1993 : 11,250 ordinary shares) of the company exercisable at par in 1996. These options were granted under the group's Savings-Related Share Option Scheme.

7. FIXED ASSETS

Movements in intangible assets and tangible assets respectively are shown in notes 13 and 14 of the financial statements.

Movements in fixed asset investments are shown in note 15 of the financial statements.

HALCROW HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1994
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 £7,000 (1993:£11,000).

11. 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 the company's shares on advantageous terms.

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

HALCRCJ HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 1994
CONTINUED

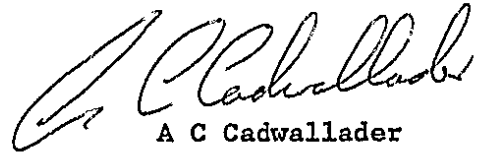
13. AUDITORS

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.

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

By order of the board



A C Cadwallader
Secretary
14 October 1994

REPORT OF THE AUDITORS TO THE MEMBERS OF
HALCROW HOLDINGS LIMITED

We have audited the financial statements on pages 7 to 30.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 April 1994 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
14 October 1994

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1994

| | <u>Notes</u> | <u>1994</u> £000 | <u>1993</u> £000 |
|---|--------------|---------------------|---------------------|
| Turnover | 2 | | |
| Continuing operations | | 81,015 | 79,027 |
| Acquisitions | | 11,090 | - |
| Discontinued operations | | <u>5</u> | <u>-</u> |
| | | 92,110 | 79,027 |
| Cost of sales | 3 | <u>(64,876)</u> | <u>(54,029)</u> |
| Gross profit | | 27,234 | 24,998 |
| Administrative expenses | 3 | <u>(25,552)</u> | <u>(20,538)</u> |
| Exceptional administrative credit | 3 | <u>525</u> | <u>-</u> |
| | | (25,027) | (20,538) |
| Other operating charge | 3 | <u>(119)</u> | <u>(1,894)</u> |
| Exceptional item | 4 | <u>(650)</u> | <u>(660)</u> |
| | | <u>(769)</u> | <u>(2,554)</u> |
| Operating profit | 5 | | |
| Continuing operations | | <u>829</u> | <u>1,935</u> |
| Acquisitions | | <u>351</u> | <u>-</u> |
| Discontinued operations | | <u>258</u> | <u>(29)</u> |
| | | 1,438 | 1,906 |
| Share of profits/(losses) of associated undertakings | | 30 | (8) |
| Amounts written back from fixed asset investments | | 294 | - |
| Profit on disposal of subsidiary undertaking | | - | 469 |
| Interest receivable and similar income | 7 | 442 | 394 |
| Interest payable and similar charges | 8 | <u>(523)</u> | <u>(241)</u> |
| Profit on ordinary activities before taxation | | 1,681 | 2,520 |
| Tax on profit on ordinary activities | 11 | <u>(803)</u> | <u>(2,063)</u> |
| Profit on ordinary activities after taxation attributable to shareholders | | 878 | 457 |
| Dividend | 12 | (23) | (23) |
| Retained profit for the year | | <u>855</u> | <u>434</u> |

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
CONSOLIDATED BALANCE SHEET - 30 APRIL 1994

| | <u>Notes</u> | <u>1994</u> £000 | <u>1993</u> £000 |
|---|--------------|-----------------------|-----------------------|
| FIXED ASSETS | | | |
| Intangible assets | 13 | 3,873 | 4,097 |
| Tangible assets | 14 | 8,669 | 8,392 |
| Investments | 15 | 664 | 370 |
| | | <u>13,206</u> | <u>12,859</u> |
| CURRENT ASSETS | | | |
| Trading properties | 16 | 1,403 | 2,053 |
| Debtors | 17 | 35,486 | 29,952 |
| Investments | 18 | 503 | 2,280 |
| Cash at bank and in hand | | <u>6,726</u> | <u>8,743</u> |
| | | 44,118 | 43,028 |
| CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR | 19 | (29,859) | (29,382) |
| NET CURRENT ASSETS | | <u>14,259</u> | <u>13,646</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 27,465 | 26,505 |
| CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 20 | (3,224) | (3,507) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 21 | <u>(5,883)</u> | <u>(5,490)</u> |
| | | <u>18,358</u> | <u>17,508</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 22 | 15,164 | 15,164 |
| Share premium account | | 616 | 616 |
| Profit and loss account | 24 | 2,578 | 1,585 |
| Capital reserve | 25 | - | 138 |
| Total shareholders' funds | 26 | 18,358 | 17,503 |
| Minority interests | | - | 5 |
| | | <u>18,358</u> | <u>17,508</u> |

The financial statements were approved by the board of directors on 14 October 1994.

M. S. Fletcher

M S Fletcher)

D. Buckley)

D Buckley)

) Directors

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HALCROW HOLDINGS LIMITED
BALANCE SHEET - 30 APRIL 1994

| | <u>Notes</u> | <u>1994</u> £000 | <u>1993</u> £000 |
|---|--------------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Investments | 15 | <u>10,516</u> | <u>10,454</u> |
| CURRENT ASSETS | | | |
| Debtors | 17 | 12,047 | 10,979 |
| CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR | 19 | <u>(1,336)</u> | <u>(597)</u> |
| NET CURRENT ASSETS | | <u>10,711</u> | <u>10,382</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 21,227 | 20,836 |
| CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 20 | <u>(2,249)</u> | <u>(2,675)</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | 21 | <u>(2,099)</u> | <u>(1,311)</u> |
| | | <u>16,879</u> | <u>16,850</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 22 | 15,164 | 15,164 |
| Share premium account | | 616 | 616 |
| Profit and loss account | 24 | <u>1,099</u> | <u>1,070</u> |
| Total shareholders' funds | 26 | <u>16,879</u> | <u>16,850</u> |

M. S. Fletcher

M S Fletcher)

D. Buckley)

D Buckley)

) Directors

HALCROW HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1994

| | <u>Notes</u> | <u>1994</u> £000 | <u>1993</u> £000 |
|---|--------------|---------------------|---------------------|
| NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES | 27 | <u>(1,098)</u> | <u>8,995</u> |
| RETURNS ON INVESTMENT AND SERVICING OF FINANCE | | | |
| Dividend paid | | (23) | (25) |
| Dividend received from associated undertaking | | 20 | - |
| Interest and similar income received | | 365 | 373 |
| Interest paid | | (526) | (168) |
| Interest element of finance lease payments | | <u>(38)</u> | <u>(71)</u> |
| TOTAL RETURNS ON INVESTMENT AND SERVICING OF FINANCE | | <u>(202)</u> | <u>109</u> |
| TAXATION | | | |
| United Kingdom corporation tax paid | | (721) | (725) |
| Overseas tax paid | | <u>(509)</u> | <u>(146)</u> |
| TOTAL TAXATION | | <u>(1,230)</u> | <u>(871)</u> |
| INVESTING ACTIVITIES | | | |
| Acquisition of Transportation Systems and Market Research Limited | | - | (4,410) |
| Disposal of subsidiary undertaking | | - | (619) |
| Purchase of shares in associated undertakings | | - | (70) |
| Purchase of tangible fixed assets | | (957) | (759) |
| Disposal of tangible fixed assets | | 139 | 97 |
| Purchase of current asset investments | | - | (5) |
| Sale of current asset investments | | <u>1,988</u> | <u>-</u> |
| TOTAL INVESTING ACTIVITIES | | <u>1,170</u> | <u>(5,766)</u> |
| NET CASH OUTFLOW BEFORE FINANCING | | <u>(1,360)</u> | <u>2,467</u> |
| FINANCING | | | |
| Capital element of finance lease payments | | (363) | (373) |
| Issue of new debenture loans | | 3 | 4 |
| Bank loan received | | - | 3,000 |
| Repayment of bank loan | | (429) | (308) |
| Repayment of other loan | | <u>(7)</u> | <u>(236)</u> |
| TOTAL FINANCING | | <u>(796)</u> | <u>2,087</u> |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 28 | <u>(2,156)</u> | <u>4,554</u> |

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1994

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, including the adoption of Financial Reporting Standard No. 3 in which respect comparative figures have been restated.

(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 date 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 or twenty years.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the holding company alone 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 1994
CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Depreciation of tangible fixed 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% |

(g) Trading properties

Trading properties are stated at the lower of cost and net realisable value.

(h) Rent-free periods

No rental income is recognised during rent-free periods granted to tenants.

(i) Foreign currencies

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. Assets and liabilities denominated in foreign currencies are translated into sterling at year end exchange rates. All exchange differences are dealt with through the profit and loss account.

(j) 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 or recovery in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in different accounting periods from those 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.

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1994
CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES - Continued

(k) 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.

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 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 1994
CONTINUED

2. TURNOVER

The geographical analysis of group turnover is as follows:-

| | <u>1994</u> £000 | <u>1993</u> £000 |
|-----------------------------------|---------------------|---------------------|
| United Kingdom | 41,485 | 46,052 |
| Far East | 27,539 | 16,687 |
| Middle East | 9,300 | 9,656 |
| The Americas | 5,780 | 2,864 |
| Africa | 3,457 | 1,899 |
| Europe (excluding United Kingdom) | 3,218 | 1,851 |
| Australasia | <u>1,331</u> | <u>18</u> |
| | <u>92,110</u> | <u>79,027</u> |

3. COST OF SALES AND OTHER OPERATING INCOME AND EXPENSES

| | <u>1994</u> Con- tinuing £000 | <u>1994</u> Acquis- itions £000 | <u>1994</u> Discon- tinued £000 | Total £000 |
|-----------------------------------|--|--|--|---------------|
| Cost of sales | (56,029) | (8,854) | 7 | (64,876) |
| Gross profit | 24,986 | 2,236 | 12 | 27,234 |
| Administrative expenses | (23,913) | (1,885) | 246 | (25,552) |
| Exceptional administrative credit | 525 | - | - | 525 |
| Other operating charge | (119) | - | - | (119) |
| Exceptional item (note 4) | <u>(650)</u> | <u>-</u> | <u>-</u> | <u>(650)</u> |
| Operating profit | <u>829</u> | <u>351</u> | <u>253</u> | <u>1,438</u> |

| | <u>1993</u> Con- tinuing £000 | <u>1993</u> Acquis- itions £000 | <u>1993</u> Discon- tinued £000 | Total £000 |
|-----------------------------------|--|--|--|---------------|
| Cost of sales | (54,029) | - | - | (54,029) |
| Gross profit | 24,998 | - | - | 24,998 |
| Administrative expenses | (20,509) | - | (29) | (20,538) |
| Exceptional administrative credit | - | - | - | - |
| Other operating charge | (1,894) | - | - | (1,894) |
| Exceptional item (note 4) | <u>(660)</u> | <u>-</u> | <u>-</u> | <u>(660)</u> |
| Operating profit | <u>1,935</u> | <u>-</u> | <u>(29)</u> | <u>1,906</u> |

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1994
CONTINUED

3. COST OF SALES AND OTHER OPERATING INCOME AND EXPENSES - Continued

The credit of £246,000 from discontinued operations in 1994 relates to the release of a provision for a claim.

The exceptional administrative credit of £525,000 from continuing activities in 1994 relates to the release of a provision against debts outstanding from a local government authority in Libya, which were received in the year.

The other operating charge relates to a loss from trading properties as follows:

| | <u>1994</u> | <u>1993</u> |
|--|-------------|--------------|
| | £000 | £000 |
| Loss from 3 Shortlands, Hammersmith, London W6 | 178 | 1,953 |
| Profit from Newcombe House, Notting Hill Gate, London W11 | <u>(59)</u> | <u>(59)</u> |
| | <u>119</u> | <u>1,894</u> |

The loss from 3 Shortlands represents the excess of rental payments over receipts and refurbishment costs (net of contributions from outgoing tenants). It arose mainly because several tenants vacated the property following expiry of their leases in September 1991. During the year ended 30 April 1993 the majority of the vacant space was let to new tenants and the property is now fully let.

No rental income has been recognised during rent-free periods granted to new tenants.

4. EXCEPTIONAL ITEM

| | <u>1994</u> | <u>1993</u> |
|---|-------------|-------------|
| | £000 | £000 |
| Provision against value of trading property | <u>650</u> | <u>660</u> |

The provision is in respect of the group's property at 3 Shortlands, Hammersmith (see note 16).

HALCROW HOLDINGS LIMITED
AND ITS SUBSIDIARY UNDERTAKINGS
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1994
CONTINUED

| 5. OPERATING PROFIT AFTER EXCEPTIONAL ITEMS | <u>1994</u> | <u>1993</u> |
|--|-------------|-------------|
| | £000 | £000 |
| Operating profit after exceptional items is stated after charging/(crediting): | | |
| Auditors' remuneration for audit - group | 118 | 111 |
| - company | 13 | 12 |
| Auditors' remuneration for other services - group | 54 | 79 |
| Depreciation of tangible fixed assets | 1,004 | 1,098 |
| Amortisation of goodwill | 224 | 33 |
| Bad debts written off or provided for | *518 | 564 |
| Profit on sale of tangible fixed assets | (15) | (20) |
| Exchange profits | (445) | (625) |
| Operating leases: rent of properties receivable | (3,622) | (2,753) |
| rent of properties payable | 6,497 | 5,815 |
| hire of vehicles and equipment | <u>114</u> | <u>133</u> |

*This figure is stated before adjusting for the recovery of £525,000 shown as an exceptional administrative credit.

6. CLAIMS

During the year ended 30 April 1993 the group received £3,697,000 from a client in settlement of a claim for additional costs resulting from changes to the original project specification. In accordance with the group's accounting policy (see note 1(e) to the financial statements) credit for the whole amount was taken in the year ended 30 April 1993 and was included in turnover.

| 7. INTEREST RECEIVABLE AND SIMILAR INCOME | <u>1994</u> | <u>1993</u> |
|---|-------------|-------------|
| | £000 | £000 |
| Interest on government securities | 30 | 71 |
| Other interest receivable | 200 | 323 |
| Profit on sale of government securities | <u>212</u> | <u>-</u> |
| | <u>442</u> | <u>394</u> |

| 8. INTEREST PAYABLE AND SIMILAR CHARGES | <u>1994</u> | <u>1993</u> |
|---|-------------|-------------|
| | £000 | £000 |
| Interest payable on: | | |
| Borrowings repayable within five years | 180 | 134 |
| Finance leases | 38 | 71 |
| All other loans | <u>305</u> | <u>36</u> |
| | <u>523</u> | <u>241</u> |

HALCROW HOLDINGS LIMITED
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9. EMPLOYEE INFORMATION

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

| | <u>1994</u> | <u>1993</u> |
|----------------------------|--------------|--------------|
| | Number | Number |
| Professional and technical | 1,288 | 1,216 |
| Clerical | <u>391</u> | <u>340</u> |
| | <u>1,679</u> | <u>1,556</u> |

| | <u>1994</u> | <u>1993</u> |
|--|-------------|-------------|
| | £000 | £000 |

(b) Staff costs during the year were:

| | | |
|-----------------------|---------------|---------------|
| Wages and salaries | 35,268 | 30,840 |
| Social security costs | 2,547 | 2,496 |
| Other pension costs | <u>2,140</u> | <u>1,777</u> |
| | <u>39,955</u> | <u>35,113</u> |

10. DIRECTORS' EMOLUMENTS

| | <u>1994</u> | <u>1993</u> |
|--|-------------|-------------|
| | £000 | £000 |

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

| | | |
|-----------------------|------------|------------|
| Salaries | 758 | 682 |
| Pension contributions | <u>20</u> | <u>14</u> |
| | <u>778</u> | <u>696</u> |

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

| | | |
|---------------------------|------------|------------|
| The Chairman | 111 | 108 |
| The highest paid director | <u>116</u> | <u>114</u> |

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

| | <u>1994</u> | <u>1993</u> |
|---------------------|-------------|-------------|
| | Number | Number |
| £ 20,001 - £ 25,000 | - | 1 |
| £ 85,001 - £ 90,000 | 1 | - |
| £105,001 - £110,000 | 2 | 4 |
| £110,001 - £115,000 | 3 | 2 |
| £115,001 - £120,000 | 1 | - |

HALCROW HOLDINGS LIMITED
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| 11. TAX ON PROFIT ON ORDINARY ACTIVITIES | <u>1994</u> | <u>1993</u> |
|---|--------------|--------------|
| | £000 | £000 |
| UK corporation tax at 33% (1993: 33%): | | |
| current year | 658 | 2,704 |
| double taxation relief | - | (67) |
| adjustment to prior year provision | (1) | (226) |
| Deferred taxation | (523) | (510) |
| Overseas taxation | 664 | 159 |
| Share of associated undertakings' tax charge | <u>5</u> | <u>3</u> |
| | <u>803</u> | <u>2,063</u> |
| | | |
| 12. DIVIDEND | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| Proposed dividend | | |
| 8p per ordinary share on 284,800 shares | | |
| (1993:8p per ordinary share on 289,800 shares) | <u>23</u> | <u>23</u> |
| | | |
| 13. INTANGIBLE ASSETS - GOODWILL | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| Cost | | |
| At 1 May | 4,141 | 334 |
| Arising on acquisition of Transportation Systems and Market Research Limited | - | 3,807 |
| At 30 April | <u>4,141</u> | <u>4,141</u> |
| Amortisation | | |
| At 1 May | 44 | 11 |
| Charge for year | 224 | 33 |
| At 30 April | <u>268</u> | <u>44</u> |
| | | |
| NET BOOK VALUE AT 30 APRIL | <u>3,873</u> | <u>4,097</u> |

HALCROW HOLDINGS LIMITED
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14. TANGIBLE FIXED ASSETS

| | <u>LAND AND BUILDINGS</u> | | <u>MOTOR VEHICLES</u> | <u>FURNITURE AND EQUIPMENT</u> | <u>TOTAL</u> |
|--------------------------|---------------------------|------------------------|---------------------------|--|---------------|
| | <u>Freehold</u> | <u>Short Lease</u> | | | |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| <u>COST OR VALUATION</u> | | | | | |
| At 1 May 1993 | 6,735 | 270 | 1,808 | 5,842 | 14,655 |
| Additions | 125 | 21 | 556 | 703 | 1,405 |
| Disposals | - | (204) | (468) | (3,470) | (4,142) |
| At 30 April 1994 | <u>6,860</u> | <u>87</u> | <u>1,896</u> | <u>3,075</u> | <u>11,918</u> |
| <u>DEPRECIATION</u> | | | | | |
| At 1 May 1993 | 133 | 212 | 908 | 5,010 | 6,263 |
| Charge for year | 68 | 8 | 431 | 497 | 1,004 |
| Disposals | - | (204) | (353) | (3,461) | (4,018) |
| At 30 April 1994 | <u>201</u> | <u>16</u> | <u>986</u> | <u>2,046</u> | <u>3,249</u> |
| <u>NET BOOK VALUE</u> | | | | | |
| At 30 April 1994 | <u>6,659</u> | <u>71</u> | <u>910</u> | <u>1,029</u> | <u>8,669</u> |
| At 30 April 1993 | <u>6,602</u> | <u>58</u> | <u>900</u> | <u>832</u> | <u>8,392</u> |

FIXED ASSETS HELD UNDER FINANCE LEASES

There are assets held under finance leases as follows:

| | <u>1994</u> | <u>1993</u> |
|----------------------------------|-------------|-------------|
| | <u>£000</u> | <u>£000</u> |
| Net book value at 30 April | | |
| Motor vehicles | 595 | 608 |
| Furniture and equipment | <u>1</u> | <u>3</u> |
| | <u>596</u> | <u>611</u> |
| Depreciation charge for the year | | |
| Motor vehicles | 170 | 215 |
| Furniture and equipment | <u>3</u> | <u>18</u> |
| | <u>173</u> | <u>233</u> |

FREEHOLD PROPERTY

The group's freehold 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.

In the directors' opinion the property is carried in the books of the company at its open market value.

HALCROW HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1994
CONTINUED

15. FIXED ASSET INVESTMENTS

THE GROUP

SHARES IN AND LOANS TO ASSOCIATED UNDERTAKINGS

| | Shares £000 | Loans £000 | Total £000 |
|---|----------------|---------------|---------------|
| COST AND SHARE OF POST ACQUISITION RESERVES | | | |
| At 1 May 1993 | 370 | - | 370 |
| Share of retained profits in year | - | - | - |
| Amounts written back | <u>-</u> | <u>294</u> | <u>294</u> |
| At 30 April 1994 | <u>370</u> | <u>294</u> | <u>664</u> |

THE COMPANY

SHARES IN SUBSIDIARY UNDERTAKINGS

| | £000 |
|-------------------------------------|---------------|
| COST | |
| At 1 May 1993 and 30 April 1994 | <u>15,338</u> |
| PROVISIONS | |
| At 1 May 1993 | 4,884 |
| Credited to profit and loss account | <u>(62)</u> |
| At 30 April 1994 | <u>4,822</u> |
| NET BOOK VALUE | |
| At 30 April 1994 | <u>10,516</u> |
| At 30 April 1993 | <u>10,454</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 34 of the financial statements.

16. TRADING PROPERTIES

During the year ended 30 April 1993 the directors decided to sell the group's long leasehold property at 3 Shortlands, Hammersmith, London W6 and its freehold property at 17 Queensgate, Inverness. Accordingly, these properties were transferred from fixed assets to current assets. They are stated at the following values:

| | <u>1994</u> £000 | <u>1993</u> £000 |
|--------------------------------------|---------------------|---------------------|
| 3 Shortlands, Hammersmith, London W6 | 1,330 | 1,980 |
| 17 Queensgate, Inverness | <u>73</u> | <u>73</u> |
| | <u>1,403</u> | <u>2,053</u> |

The property at 3 Shortlands, Hammersmith, was written down from its cost of £4,040,000 to its estimated value of £2,640,000 at 30 April 1992. Following advice from Chartered Surveyors, the directors decided that it should be written down by a further £660,000 to £1,980,000 at 30 April 1993 and by £650,000 to £1,330,000 at 30 April 1994 (note 4).

HALCROW HOLDINGS LIMITED
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(CONTINUED)

16. **TRADING PROPERTIES - Continued**

The property at 17 Queensgate, Inverness, was last valued by Graham and Sibbald, Chartered Surveyors, at £73,000 on an open market basis as at 11 April 1990.

In the directors' opinion each property is carried in the books of the company at the lower of cost and market value which takes into account future net rental income, the impact of the potential exercise of break clauses by existing tenants, and developments in the United Kingdom property market.

17. **DEBTORS**

| | <u>1994</u> | | <u>1993</u> | |
|--|----------------------|------------------------|----------------------|------------------------|
| | The Group £000 | The Company £000 | The Group £000 | The Company £000 |
| AMOUNTS FALLING DUE IN MORE THAN ONE YEAR | | | | |
| Deferred taxation: | | | | |
| Tax effect of timing differences due to | | | | |
| - pension cost provision | 1,032 | - | 330 | - |
| - other | (5) | - | 174 | - |
| | <u>1,027</u> | <u>-</u> | <u>504</u> | <u>-</u> |
| Advance corporation tax offset | (6) | - | - | - |
| | <u>1,021</u> | <u>-</u> | <u>504</u> | <u>-</u> |
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | |
| Trade debtors | 21,707 | - | 17,532 | - |
| Amounts recoverable on contracts | 8,171 | - | 7,762 | - |
| Amounts owed by subsidiary undertakings | - | 12,047 | - | 10,979 |
| Amounts owed by associated undertakings | 40 | - | 87 | - |
| Other debtors | 1,423 | - | 1,253 | - |
| Prepayments and accrued income | 3,124 | - | 2,814 | - |
| | <u>34,465</u> | <u>12,047</u> | <u>29,448</u> | <u>10,979</u> |
| TOTAL DEBTORS | <u>35,486</u> | <u>12,047</u> | <u>29,952</u> | <u>10,979</u> |

18. **INVESTMENTS HELD AS CURRENT ASSETS**

| | <u>1994</u> | | <u>1993</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 £573,000 (1993: £2,496,000)) | <u>503</u> | <u>-</u> | <u>2,280</u> | <u>-</u> |

HALCROW HOLDINGS LIMITED
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CONTINUED

| 19. CREDITORS-AMOUNTS FALLING DUE WITHIN ONE YEAR | <u>1994</u> | | <u>1993</u> | |
|---|----------------------|------------------------|----------------------|------------------------|
| | The Group £000 | The Company £000 | The Group £000 | The Company £000 |
| Bank loans and overdrafts | | | | |
| - unsecured | 428 | - | 531 | - |
| - secured | 1,433 | 1,291 | 1,191 | 550 |
| Payments on account | 13,914 | - | 13,831 | - |
| Trade creditors | 2,839 | - | 2,298 | - |
| Obligations under finance leases | 309 | | 270 | - |
| Amounts owed to associated undertakings | 415 | - | 237 | - |
| Liabilities for taxation and social security | 5,002 | 10 | 3,822 | 13 |
| Accruals and deferred income | 4,976 | 12 | 4,558 | 11 |
| Proposed dividend | 23 | 23 | 23 | 23 |
| Other creditors | 520 | - | 2,621 | - |
| | <u>29,859</u> | <u>1,336</u> | <u>29,382</u> | <u>597</u> |

Included in accruals and deferred income is an amount of £574,000 (1993: £96,000) in respect of contract losses.

HALCROW HOLDINGS LIMITED
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20. CREDITORS-AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | <u>1994</u> | | <u>1993</u> | |
|----------------------------------|----------------------|------------------------|----------------------|------------------------|
| | The Group £000 | The Company £000 | The Group £000 | The Company £000 |
| Bank loan - secured | 2,143 | 2,143 | 2,572 | 2,572 |
| Debenture loans | 106 | 106 | 103 | 103 |
| Obligations under finance leases | 158 | - | 112 | - |
| Accruals and deferred income | 480 | - | 376 | - |
| Other loan | 337 | - | 344 | - |
| | <u>3,224</u> | <u>2,249</u> | <u>3,507</u> | <u>2,675</u> |

| Bank Loan | <u>1994</u> | | <u>1993</u> | |
|--|----------------------|------------------------|----------------------|------------------------|
| | The Group £000 | The Company £000 | The Group £000 | The Company £000 |
| Repayable by instalments in more than five years | 428 | 428 | 857 | 857 |
| Repayable by instalments within five years | <u>1,715</u> | <u>1,715</u> | <u>1,715</u> | <u>1,715</u> |
| | <u>2,143</u> | <u>2,143</u> | <u>2,572</u> | <u>2,572</u> |

The bank loan is repayable in quarterly instalments of £107,000 until April 2000. The company has entered into an interest rate "swap" agreement so that the effective rate of interest is fixed at 9.42% per annum.

Debenture Loans

The company has issued debentures, at par, to directors of a subsidiary undertaking.

These debentures are redeemable:-

- (a) on the holder reaching normal retirement age, or
- (b) the holder ceasing to be employed by a subsidiary undertaking, 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 its 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 bear interest equal to the base rate of Midland Bank plc which is paid to the holders partly in the form of additional debentures.

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CONTINUED

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

The movements on debentures were as follows:

| | The Group £000 | The Company £000 |
|--------------------------|----------------------|------------------------|
| Balance at 1 May 1993 | 103 | 103 |
| Issue of new debentures | <u>3</u> | <u>3</u> |
| Balance at 30 April 1994 | <u>106</u> | <u>106</u> |

Repayable otherwise than by instalments
in more than five years

| | | |
|--|-----------|-----------|
| | <u>79</u> | <u>79</u> |
|--|-----------|-----------|

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

| | <u>1994</u> | | <u>1993</u> | |
|---|----------------------|------------------------|----------------------|------------------------|
| | The Group £000 | The Company £000 | The Group £000 | The Company £000 |
| Repayable by instalments in more than five years | 312 | - | 319 | - |
| Repayable by instalments within five years | <u>25</u> | <u>-</u> | <u>25</u> | <u>-</u> |
| | <u>337</u> | <u>-</u> | <u>344</u> | <u>-</u> |

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

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21. PROVISIONS FOR LIABILITIES AND CHARGES

| GROUP | At 1 May 1993 £000 | Charged to profit & loss account £000 | Transferred to current liabilities £000 | Received/ (paid) in year £000 | At 30 April 1994 £000 |
|---|-----------------------------|---|---|--|--------------------------------|
| Pension costs provision | 4,154 | 2,140 | - | (1,821) | 4,473 |
| Property dilapidation provision | 706 | 192 | - | - | 898 |
| Provision for excesses on insured claims | 495 | 152 | - | (257) | 390 |
| Other | 135 | - | (135) | 122 | 122 |
| | <u>5,490</u> | <u>2,484</u> | <u>(135)</u> | <u>(1,956)</u> | <u>5,883</u> |

| COMPANY | At 1 May 1993 £000 | Charged to profit & loss account £000 | At 30 April 1994 £000 |
|---|-----------------------------|---|--------------------------------|
| Liabilities of subsidiary undertakings | <u>1,311</u> | <u>788</u> | <u>2,099</u> |

22. SHARE CAPITAL

| | 1994 £000 | 1993 £000 |
|--|---------------|---------------|
| Authorised | | |
| 19,990,000 ordinary shares of £1 each | 19,990 | 19,990 |
| 10,000 non-redeemable 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 | 15,154 |
| 10,000 non-redeemable preference shares of £1 each | <u>10</u> | <u>10</u> |
| | <u>15,164</u> | <u>15,164</u> |

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23. OPTIONS

Options in respect of 1,238,176 ordinary shares of £1 each were outstanding at 30 April 1994 under the group's Savings-Related Share Option Scheme. These may be exercised as follows:

| Number | Option price | Dates when exercisable |
|------------------|--------------|------------------------|
| 609,825 | £1.00 | 1996 |
| 466,110 | £1.00 | 1998 |
| 78,553 | £1.19 | 1998 |
| <u>83,688</u> | £1.19 | 2000 |
| <u>1,238,176</u> | | |

In some circumstances, including the redundancy or death of the holder, options may be exercised at earlier dates than those shown above.

24. PROFIT AND LOSS ACCOUNT

| | The Group | | The Company | |
|--|--------------|--------------|--------------|--------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | £000 | £000 | £000 | £000 |
| At 1 May | 1,585 | 1,151 | 1,070 | 536 |
| Retained profit for the year | 855 | 434 | 29 | 534 |
| Transfer from capital reserve (note 25) | <u>138</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 30 April | <u>2,578</u> | <u>1,585</u> | <u>1,099</u> | <u>1,070</u> |

25. CAPITAL RESERVE

| | The Group | |
|---|--------------|-------------|
| | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| At 1 May | 138 | 138 |
| Transferred to profit and loss account | <u>(138)</u> | <u>-</u> |
| At 30 April | <u>-</u> | <u>138</u> |

The capital reserve arose following a reduction in capital by a subsidiary undertaking approved by court order in 1988.

Under the terms of the court order the reserve had to be maintained until all debts and claims outstanding at 21 March 1988 had been satisfied. All such debts and claims have now been satisfied and accordingly the balance of the reserve was transferred to the profit and loss account during the year.

26. TOTAL SHAREHOLDERS' FUNDS

| | The Group | | The Company | |
|--------------------------|---------------|---------------|---------------|---------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | £000 | £000 | £000 | £000 |
| At 1 May | 17,503 | 17,069 | 16,850 | 16,316 |
| Retained profit for year | 855 | 434 | 29 | 534 |
| At 30 April | <u>18,358</u> | <u>17,503</u> | <u>16,879</u> | <u>16,850</u> |

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| | | |
|--|----------------|----------------|
| 27. NET CASH FLOW FROM OPERATING ACTIVITIES | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| Continuing activities | | |
| Operating profit | 1,180 | 1,935 |
| Depreciation of tangible fixed assets | 1,004 | 1,098 |
| Amortisation of goodwill | 224 | 33 |
| Provision against leasehold property | 650 | 660 |
| Profit on sale of fixed assets | (15) | (20) |
| Movements in provisions | 393 | 566 |
| Increase in debtors | (5,267) | (74) |
| Increase in creditors | <u>766</u> | <u>4,920</u> |
| | <u>(1,065)</u> | <u>9,118</u> |
| Discontinued activities | | |
| | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| Operating profit/(loss) | 258 | (29) |
| Decrease/(increase) in debtors | 212 | (2) |
| Decrease in creditors | <u>(503)</u> | <u>(92)</u> |
| | <u>(33)</u> | <u>(123)</u> |
| NET CASH FLOW FROM OPERATING ACTIVITIES | <u>(1,098)</u> | <u>8,995</u> |
| | | |
| 28. CASH FLOW | <u>1994</u> | <u>1993</u> |
| | £000 | £000 |
| Analysis of change in cash and cash equivalents in the year | | |
| Balance at 1 May | | |
| Cash at bank and in hand | 8,743 | 4,239 |
| Bank loans and overdrafts* | <u>(1,294)</u> | <u>(1,344)</u> |
| | <u>7,449</u> | <u>2,895</u> |
| Balance at 30 April | | |
| Cash at bank and in hand | 6,726 | 8,743 |
| Bank loans and overdrafts* | <u>(1,433)</u> | <u>(1,294)</u> |
| | <u>5,293</u> | <u>7,449</u> |
| Change in the year | <u>(2,156)</u> | <u>4,554</u> |

* These are borrowings with original maturities of less than three months. Changes in other borrowings are dealt with under financing activities.

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| 29. CAPITAL COMMITMENTS | The Group | | The Company | |
|---|-------------|-------------|-------------|-------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | £000 | £000 | £000 | £000 |
| Contracted but not provided for in the financial statements | 23 | 73 | - | - |
| Authorised but not contracted for | <u>151</u> | <u>34</u> | - | - |

| 30. CONTINGENT LIABILITIES | The Group | | The Company | |
|--|--------------|--------------|--------------|-------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | £000 | £000 | £000 | £000 |
| Performance and advance payment bonds provided by banks | 8,685 | 6,226 | - | - |
| Borrowings of subsidiary undertakings for which guarantees have been given | - | - | 1,297 | 554 |
| | <u>8,685</u> | <u>6,226</u> | <u>1,297</u> | <u>554</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.

31. LEASE COMMITMENTS

Commitments for payments in respect of operating leases have been incurred for the year ending 30 April 1995 as follows:

| | The Group | | The Company | |
|----------------------------|--------------|--------------|-------------|-------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | £000 | £000 | £000 | £000 |
| Land and buildings | | | | |
| Leases which expire: | | | | |
| Within one year | 803 | 979 | - | - |
| In second to fifth years | 1,041 | 394 | - | - |
| After more than five years | 4,590 | 4,653 | - | - |
| | <u>6,434</u> | <u>6,026</u> | - | - |
| Vehicles and equipment | | | | |
| Leases which expire: | | | | |
| Within one year | 14 | 30 | - | - |
| In second to fifth years | 89 | 101 | - | - |
| | <u>103</u> | <u>131</u> | - | - |

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32. PENSION COMMITMENTS

The group operates various pension schemes for eligible employees. 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 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 the Scheme was as at 5 April 1992, and the actuary used the projected unit method. The main assumptions were that the long term rate of return on investments would be 9.5% per annum, that salaries would increase by 7.5% per annum, that pensions would increase by 5% per annum, and, for the purpose of valuing the assets, that dividends would grow at 5% per annum. The valuation showed that the scheme held assets with a market value of £62.2 million and that the actuarial value of the assets was 119% of the value of benefits that had accrued to members after allowing for expected future increases in pensionable salaries.

In accordance with SSAP 24, an amount of £4,473,000 (1993: £4,154,000) is included in provisions and represents the timing difference between the costing of the Scheme and the agreed funding (see note 1(k) of the financial statements).

33. ASSETS PLEDGED

The group has granted fixed and floating charges over all its assets as security for banking facilities.

The group has also lodged UK government securities and cash deposits with a market value of £1,152,000 (1993: £4,148,000) as security for banking facilities.

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34. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

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

| Subsidiary undertakings:- | Percentage owned:- |
|---|--------------------|
| Sir William Halcrow & Partners Limited * | 100% |
| Sir William Halcrow & Partners Scotland Limited * | 100% |
| Halcrow Fox and Associates Limited * | 100% |
| Transportation Systems and Market Research Limited* | 100% |
| Halcrow Consulting Limited | 100% |
| Halcrow Asia Partnership Limited * | 100% |
| Halcrow International Limited* | 100% |
| Halcrow International Partnership* | 100% |
| Halcrow Management Sciences Limited | 100% |
| Halcrow Rural Management Limited* | 100% |
| Sir William Halcrow & Partners (Malaysia) Limited * | 100% |
| Burderop Investments Limited | 100% |
| Halcrow Properties Limited | 100% |

Associated undertakings:-

| | |
|--------------------------------------|-----|
| Halcrow Gilbert Associates Limited * | 50% |
| Vituki Consult Rt* | 33% |

All holdings are of ordinary shares.

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

All these undertakings are registered in England except:

| | |
|---|--------------------------|
| Sir William Halcrow & Partners Scotland Limited | - registered in Scotland |
| Vituki Consult Rt | - registered in Hungary. |

The principal country of operation of all these undertakings is Great Britain except:

| | Area of operation: |
|---|--------------------|
| Halcrow Asia Partnership Limited | Far East |
| Halcrow International Partnership | Middle East |
| Sir William Halcrow & Partners (Malaysia) Limited | Far East |
| Vituki Consult Rt | Eastern Europe |

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