

HGA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year from
1 May 1995 to 30 April 1996

Company number : 2312495

BENTLEY JENNISON

CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS



HGA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 30 April 1996

Directors
D O Lloyd Chairman
T J Tovey Managing Director
R C Abraham
P G Gammie

Secretary J Rhodes

Registered office Burderop Park
 Swindon
 Wiltshire
 SN4 0QD

CONTENTS

Pages	1 - 2	Directors' report including statement of directors' responsibilities
	3	Auditors' report
	4	Profit and loss account
	5	Balance sheet
	6	Cashflow statement
	7 - 17	Notes to the financial statements

HGA LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 April 1996.

DIRECTORS RESPONSIBILITIES

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continued to be that of the provision of electrical and mechanical consultancy services for engineering projects.

REVIEW OF THE BUSINESS

The directors consider that the company's state of affairs is satisfactory and that future results will be of a similar nature.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4.

Dividends totalling £55,000 were proposed at the year end.

HGA LIMITED

DIRECTORS' REPORT (continued)

CHARITABLE DONATIONS

During the year the company made local charitable donations totalling £352.

DIRECTORS

The directors who held office during the year and their beneficial interest in the shares of the company were as follows :

Ordinary shares of £1 each	1996	1995
D O Lloyd Chairman	-	-
T J Tovey Managing Director	-	-
R C Abraham	-	-
P G Gammie	-	-
R B Wilson (resigned 4 May 1995)	-	-
W K Burkhart (resigned 4 May 1995)	-	-

No director, other than those listed below, has any interest in the share capital of the ultimate parent company, Halcrow Holdings Limited, which has an issued share capital of 15,154,067 ordinary £1 shares.

Ordinary shares of £1 each	1996	1995
D O Lloyd	5,000	5,000
T J Tovey	15,000	5,000
P G Gammie	5,000	3,200

FIXED ASSETS

Changes in fixed assets are set out in note 9.

ULTIMATE PARENT COMPANY

On 1 July 1995 the company became a wholly owned subsidiary of Sir William Halcrow & Partners Limited. The ultimate parent company is Halcrow Holdings Limited.

Approved by the Board on 11 June 1996 and signed on its behalf by:

J Rhodes

Secretary



REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

HGA LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, 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.

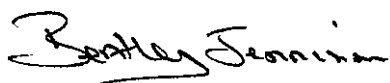
BASIS OF OPINION

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 the company's affairs at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bentley Jennison
Chartered Accountants
and Registered Auditors

11 June 1996

Chapel House
Westmead Drive
Westlea
Swindon SN5 7UW

HGA LIMITED

Profit and loss account for the year ended 30 April 1996

	Notes	1996 £	1995 £
TURNOVER	2	2,643,513	2,426,941
Cost of sales		(1,426,948)	(1,424,558)
GROSS PROFIT		1,216,565	1,002,383
Administrative expenses		(1,137,303)	(936,297)
OPERATING PROFIT	3	79,262	66,086
Interest receivable and similar income	5	6,214	10,981
Interest payable and similar charges	6	(717)	(3,482)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		84,759	73,585
Tax on profit on ordinary activities	7	(28,143)	(19,721)
PROFIT FOR THE FINANCIAL YEAR		56,616	53,864
Dividends	8	(55,000)	(50,000)
RETAINED PROFIT FOR THE YEAR		1,616	3,864
RETAINED PROFIT BROUGHT FORWARD		3,949	85
RETAINED PROFIT CARRIED FORWARD		5,565	3,949

All of the company's operations are classed as continuing.

There were no recognised gains or losses in the year other than those included in the profit and loss account.

HGA LIMITED

Balance sheet at 30 April 1996

	Notes	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	9		144,871	122,469
CURRENT ASSETS				
Debtors	10	828,910		650,129
Cash at bank and in hand		119,111		184,278
		948,021		834,407
CREDITORS : Amounts falling due within one year	11	(787,327)		(648,428)
NET CURRENT ASSETS			160,694	185,979
TOTAL ASSETS LESS CURRENT LIABILITIES			305,565	308,448
CREDITORS : Amounts falling due after more than one year	12		-	(4,499)
NET ASSETS			305,565	303,949
CAPITAL AND RESERVES				
Called up share capital	13		300,000	300,000
Profit and loss account			5,565	3,949
SHAREHOLDERS' FUNDS	17		305,565	303,949

Approved by the Board on 11 June 1996 and signed on its behalf by:

P G Gammie *P G Gammie*)

) Directors

T J Tovey *T J Tovey*)

HGA LIMITED

Cash flow statement for the year ended 30 April 1996

	1996		1995	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		110,704		206,642
Returns on Investments and Servicing of Finance				
Interest received	6,214		10,981	
Interest paid	(39)		-	
Dividends paid	(50,000)		(65,000)	
Finance lease interest	(678)		(3,482)	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(44,503)		(57,501)
Taxation				
Taxation paid	(8,281)		(17,817)	
Net cash outflow from taxation		(8,281)		(17,817)
Investing activities				
Purchase of tangible fixed assets	(117,828)		(118,862)	
Sale of tangible fixed assets	638		-	
Net Cash Outflow from Investing		(117,190)		(118,862)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(59,270)		12,462
Financing				
Capital repayments of finance leases	(5,897)		(25,171)	
Net Cash Outflow from Financing		(5,897)		(25,171)
DECREASE IN CASH AND CASH EQUIVALENTS		(65,167)		(12,709)

See page 17 for the notes to this statement.

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Depreciation

Depreciation is calculated to write off fixed assets over their estimated useful lives as follows:

Motor vehicles	33 1/3% straight line
Plant and office equipment	33 1/3% straight line
Furniture and fittings	20% straight line

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated in accordance with the company's depreciation policy. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease or hire purchase contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Operating profit includes attributable profit on long term contracts completed and amounts recoverable on contracts not completed.

Deferred taxation

Provision is made for deferred taxation using the liability method to the extent that it is considered likely that a liability will crystallise in the foreseeable future.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates and the exchange differences are included in the profit and loss account.

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

1 ACCOUNTING POLICIES continued
Pensions

The company operates a defined benefit pension scheme covering the majority of its permanent employees. The assets of the scheme are held independently from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss on a basis that spreads the expected cost of providing pensions over the employees working lives with the company. Contributions are determined by a qualified actuary. A valuation was undertaken as at 1 May 1993 and the details are disclosed in the notes to the accounts. A valuation due as at 1 May 1996 is currently taking place but was not complete at the date these financial statements were agreed.

2 TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's activities stated net of VAT.

	1996 £	1995 £
Geographical analysis of turnover :		
United Kingdom	2,282,094	2,096,661
Rest of Europe	45,097	64,215
Africa	31,718	11,573
Far East	99,866	77,382
Middle East	18,121	62,376
Asia and Australasia	98,806	19,300
South America	67,811	95,434
	<u>2,643,513</u>	<u>2,426,941</u>

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

3 OPERATING PROFIT

	1996 £	1995 £
Operating profit is stated after charging/(crediting) :		
Directors' emoluments	126,730	126,201
Auditors remuneration	6,000	5,000
(Profit)/loss on exchange	574	866
Operating leases		
Hire of plant and machinery	1,290	1,458
Profit on sale of fixed assets	(638)	-
Depreciation of tangible fixed assets (note 9)		
Owned assets	89,090	44,733
Leased assets	6,336	9,288
	<u>89,090</u>	<u>44,733</u>
	<u>6,336</u>	<u>9,288</u>

Pension costs

The company operates a defined benefit scheme and contributions are charged to the profit and loss account as they accrue. The charge for the year was £125,018 (1995 - £112,024).

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

4 EMPLOYEE INFORMATION

	1996 £	1995 £
Staff costs		
Salaries and wages	1,390,181	1,278,370
Social security costs	105,702	100,733
Other pension costs	125,018	112,024
	<u>1,620,901</u>	<u>1,491,127</u>
Number of employees		
The average weekly number of employees (including directors) employed during the year was :		
Administration	12	10
Professional and technical	42	40
	<u>54</u>	<u>50</u>
Directors remuneration		
Management remuneration	116,393	116,255
Pension contributions	10,337	9,946
	<u>126,730</u>	<u>126,201</u>
Emoluments excluding pension contributions :		
Chairman	-	-
Highest paid director	<u>64,700</u>	<u>64,531</u>
Number of other directors whose total emoluments excluding pension contributions were within the range :		
£0 - £5,000	2	4
£50,001 - £55,000	1	1
	<u>3</u>	<u>5</u>

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Interest received	6,214	10,981

6 INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Overdraft interest	39	-
Finance leases and hire purchase contracts	678	3,482
	717	3,482

7 TAXATION

	1996 £	1995 £
Corporation tax on profit on ordinary activities at 33%(1995 - 25%)	28,143	19,721
	28,143	19,721

8 DIVIDENDS

	1996 £	1995 £
Ordinary final proposed	55,000	-
A Ordinary final proposed	-	25,000
B Ordinary final proposed	-	25,000
	55,000	50,000

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

9 TANGIBLE FIXED ASSETS

	Motor vehicles	Plant and office equipment	Furniture and fittings	Total
Cost	£	£	£	£
1 May 1995	76,995	224,957	61,022	362,974
Additions	49,434	61,664	6,730	117,828
Disposals	-	(84,224)	-	(84,224)
30 April 1996	<u>126,429</u>	<u>202,397</u>	<u>67,752</u>	<u>396,578</u>
Depreciation				
1 May 1995	23,333	171,853	45,319	240,505
Charge for year	40,643	49,133	5,650	95,426
Disposals	-	(84,224)	-	(84,224)
30 April 1996	<u>63,976</u>	<u>136,762</u>	<u>50,969</u>	<u>251,707</u>
Net book value				
30 April 1996	<u>62,453</u>	<u>65,635</u>	<u>16,783</u>	<u>144,871</u>
30 April 1995	<u>53,662</u>	<u>53,104</u>	<u>15,703</u>	<u>122,469</u>

The net book amount of fixed assets includes £1,264 (1995 £7,600) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

10 DEBTORS

	1996 £	1995 £
Amounts falling due within one year :		
Trade debtors	287,696	174,301
Amounts owed by group undertakings	385,463	403,520
Amounts recoverable on contracts	152,523	59,286
Prepayments and deferred income	3,228	13,022
	<u>828,910</u>	<u>650,129</u>

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

11 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	1996 £	1995 £
Payments received on account	158,831	205,300
Trade creditors	184,892	16,745
Amounts owed to group undertakings	136,602	139,944
Corporation tax	31,458	11,596
Social security and other taxes	105,542	114,465
Proposed dividend	55,000	50,000
Accruals and deferred income	110,503	104,481
Obligations under finance leases and hire purchase contracts	4,499	5,897
	<u>787,327</u>	<u>648,428</u>

12 CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts	-	4,499
	<u>-</u>	<u>4,499</u>

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

13 CALLED UP SHARE CAPITAL

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
A Ordinary shares of £1 each	-	-	150,000	150,000
B Ordinary shares of £1 each	-	-	150,000	150,000
Ordinary shares of £1 each	300,000	300,000	-	-
		<u>300,000</u>		<u>300,000</u>
Allotted called up and fully paid				
Equity shares				
A Ordinary shares of £1 each	-	-	150,000	150,000
B Ordinary shares of £1 each	-	-	150,000	150,000
Ordinary shares of £1 each	300,000	300,000	-	-
		<u>300,000</u>		<u>300,000</u>

On 20 July 1995 the designation of 150,000 shares as A shares and 150,000 shares as B shares was removed.

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

14 FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments at the balance sheet date.

Operating lease commitments

At 30 April 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £	1995 £
Land and buildings		
Expiring within two to five years	63,570	63,570
	<hr/>	<hr/>
Pension commitments		

The company operates a defined benefit scheme whose assets are held in a independent trustee administered fund. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method, the most recent valuation being at 1 May 1993. The assumptions which have the most significant effect on the results of the valuation are the rate at which current salaries and pensions will increase and the return the scheme will earn on its assets.

It was assumed for the 1993 valuation that salaries would increase by 7% per annum and the investment returns would be 9% per annum, and that present and future pensions would increase at a rate of 3% per annum. The most recent actuarial valuation of the scheme's assets was £804,000, actuarially estimated to represent 118% of the benefits that had accrued to members of the scheme after allowing for expected future increases in earnings.

The contributions of the company and its employees remain at 10.9% and 5% respectively. The pension charge for the year was £125,018 (1995 £112,024).

A valuation due on 1 May 1996 is currently taking place but the outcome will not be known until late 1996.

15 CONTINGENT LIABILITIES

The company has given cross guarantees in favour of the group's bank borrowings and bank commitments at the year end. The borrowings of other group members are secured by a fixed and floating charge upon the assets of the company.

HGA LIMITED

Notes to the financial statements for the year ended 30 April 1996

16 ULTIMATE HOLDING COMPANY

On 1 July 1995 the company became a wholly owned subsidiary of Sir William Halcrow & Partners Limited.

The company's ultimate parent undertaking at the balance sheet date was Halcrow Holdings Limited, a company registered in England and Wales.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	56,616	53,864
Dividends	(55,000)	(50,000)
Net addition to shareholders' funds	<u>1,616</u>	<u>3,864</u>
Opening shareholders' funds	<u>303,949</u>	<u>300,085</u>
Closing shareholders' funds	<u><u>305,565</u></u>	<u><u>303,949</u></u>

HGA LIMITED

Notes to the Cash flow statement for the year ended 30 April 1996

RECONCILIATION OF OPERATING PROFIT TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	79,262	66,086
Depreciation charges	95,426	54,021
Profit on sale of fixed assets	(638)	-
(Increase)/Decrease in Debtors	(178,781)	58,766
Increase in Creditors	115,435	27,769
Net Cash Inflow from Operating Activities	110,704	206,642

ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £
Balance at 1 May 1995	184,278	196,987
Net cash outflow	(65,167)	(12,709)
Balance at 30 April 1996	119,111	184,278

ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £	Change in period £
Cash at bank and in hand	119,111	184,278	(65,167)

ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Finance Leasing £	Share Capital £
Balance at 1 May 1995	10,396	300,000
Cash inflow/(outflow) from financing	(5,897)	-
Balance at 30 April 1996	4,499	300,000