

HALCROW INTERNATIONAL PARTNERSHIP

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30 APRIL 1998

Registered Number : 2809680



HALCROW INTERNATIONAL PARTNERSHIP
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 APRIL 1998

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HALCROW INTERNATIONAL PARTNERSHIP
DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended to 30 April 1998.

1. PRINCIPAL ACTIVITY

The principal activity of the company is the supply of services as consulting engineers in the Middle East.

The business and assets of the company were transferred to Halcrow Group Limited at their book value on 30 April 1998. Contracts undertaken by the company will be performed by Halcrow Group Limited as agents for the company.

2. BUSINESS REVIEW

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

The company made a profit after taxation of £107,835 (1997: £86,269 - loss). The directors recommend the payment of a dividend of £100,000 (1997:nil) and the retained profit of £7,835 (1997:£86,269 - loss) has been transferred to reserves.

Under the arrangements with Halcrow Group Limited described above, the company expects to make neither a profit nor a loss in the future.

3. DIRECTORS AND DIRECTORS' INTERESTS

The following served as directors during the period under review:-

D J Pollock
M R Stewart (resigned 31 January 1998)
M J Heck
I McLennan

Dr D J Pollock is a director of Halcrow Holdings Limited, the ultimate holding company, and his interests are disclosed in that company's financial statements.

The interests of the other directors at 30 April 1998 in the share capital of Halcrow Holdings Limited were as follows:-

	ORDINARY SHARES OF £1		OPTIONS	
	At 30 April 1998	At 30 April 1997	At 30 April 1998	At 30 April 1997
	<u>No</u>	<u>No</u>	<u>No</u>	<u>No</u>
M J Heck	2,000	2,000	4,758	-

4. CLOSE COMPANY PROVISIONS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1985.

HALCROW INTERNATIONAL PARTNERSHIP
DIRECTORS' REPORT (continued)

5. 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 at the end of the financial year and of its profit or loss 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 1998. 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 to prevent and detect fraud and other irregularities.

6. THE MILLENNIUM

A programme has been undertaken throughout the Halcrow group to address the impact on computer systems of the Year 2000.

Where problems have been identified appropriate action is underway. Software and equipment are being modified or replaced as necessary.

The majority of the cost relates to the replacement of systems that would have been replaced in the medium term in any event.

Enquiries are also being made of all our principal suppliers to ensure that they also have plans in hand.

7. AUDITORS

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998. Following the merger, Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as 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.

PricewaterhouseCoopers have expressed their willingness to continue in office.

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

By order of the board



J D Rhodes
Secretary
23 October 1998

HALCROW INTERNATIONAL PARTNERSHIP
REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

23 November 1998

HALCROW INTERNATIONAL PARTNERSHIP
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Turnover	3	6,365,577	4,326,100
Cost of sales		<u>(5,644,010)</u>	<u>(4,201,226)</u>
Gross profit		721,567	124,874
Administrative expenses		<u>(577,772)</u>	<u>(207,879)</u>
Profit/(loss) for the year before taxation	4	143,795	(83,005)
Tax on profit/(loss) for the year	5	<u>(35,960)</u>	<u>(3,264)</u>
Profit/(loss) for the year after taxation		107,835	(86,269)
Dividend	6	<u>(100,000)</u>	-
Retained profit/(loss) for the year	10	<u>7,835</u>	<u>(86,269)</u>

All items dealt with in the above profit and loss account relate to continuing operations.

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

There is no difference between the loss for the year before taxation and the retained loss for the year stated above and their historical cost equivalents.

HALCROW INTERNATIONAL PARTNERSHIP
BALANCE SHEET - 30 APRIL 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors	7	167,219	3,097,460
Cash at bank and in hand		-	844
		<u>167,219</u>	<u>3,098,304</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(100,000)</u>	<u>(3,038,920)</u>
NET CURRENT ASSETS		<u><u>67,219</u></u>	<u><u>59,384</u></u>
 CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	<u>17,219</u>	<u>9,384</u>
Equity shareholders' funds	11	<u><u>67,219</u></u>	<u><u>59,384</u></u>

The financial statements were approved by the board of directors on 23 October 1998.



D J Pollock
Director

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1998

1. **ACCOUNTING POLICIES**

(a) **ACCOUNTING CONVENTION**

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

(b) **TURNOVER**

Turnover represents amounts billed for professional services and items procured for clients, adjusted where necessary for the stage of completion on individual contracts.

(c) **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 contract where receipts exceed the book value of work done the excess is included in creditors as a payment on account.

(d) **FOREIGN CURRENCIES**

Assets and liabilities which are stated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies undertaken by the company 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.

(e) **TAXATION**

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.

(f) **CASH FLOW STATEMENT**

The cash flows of the company are included in the consolidated cash flow statement of Halcrow Holdings Limited of which the company is a wholly owned subsidiary. Consequently the company is exempt under the provisions of Financial Reporting Standard 1 from publishing a cash flow statement.

2. **TRANSFER OF BUSINESS**

The business and assets of the company were transferred to Halcrow Group Limited at their book value on 30 April 1998. Contracts undertaken by the company will be performed by Halcrow Group Limited as agents for the company.

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1998 (continued)

3. **TURNOVER**

All the company's turnover is derived from the Middle East.

4. **PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION**

Profit/(loss) for the year before taxation is stated after charging/(crediting)

	<u>1998</u>	<u>1997</u>
	£	£
Exchange differences	99,696	(5,197)
Auditors' remuneration	2,000	1,500
Bad debt provision	<u>57,076</u>	<u>(43,424)</u>

None of the directors received any remuneration from the company.

5. **TAX ON PROFIT/(LOSS) FOR THE YEAR**

	<u>1998</u>	<u>1997</u>
	£	£
United Kingdom taxation at 31% (1997 : 33%)		
Current year	44,576	-
Adjustment in respect of prior year	<u>(8,616)</u>	<u>3,264</u>
	<u>35,960</u>	<u>3,264</u>

6. **DIVIDEND**

	<u>1998</u>	<u>1997</u>
	£	£
Proposed dividend: £2 (1997 : nil) per share	<u>100,000</u>	<u>Nil</u>

7. **DEBTORS**

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due within one year:		
Trade debtors	-	2,454,267
Amounts recoverable on contracts	-	643,193
Due from holding company	<u>167,219</u>	<u>-</u>
	<u>167,219</u>	<u>3,097,460</u>

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1998 (continued)

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £	<u>1997</u> £
Trade creditors	-	45,409
Amount due to a fellow subsidiary undertaking	-	1,639,633
United Kingdom corporation tax	-	3,264
Payments on account	-	1,350,614
Proposed dividend	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>3,038,920</u>

9. SHARE CAPITAL

	<u>1998</u> £	<u>1997</u> £
Authorised: 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid: 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

10. PROFIT AND LOSS ACCOUNT

	<u>1998</u> £	<u>1997</u> £
At 1 May	9,384	95,653
Retained profit/(loss) for the year	<u>7,835</u>	<u>(86,269)</u>
At 30 April	<u>17,219</u>	<u>9,384</u>

11. EQUITY SHAREHOLDERS' FUNDS

	<u>1998</u> £	<u>1997</u> £
At 1 May	59,384	145,653
Retained profit/(loss) for the year	<u>7,835</u>	<u>(86,269)</u>
At 30 April	<u>67,219</u>	<u>59,384</u>

HALCROW INTERNATIONAL PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 1998 (continued)

12. **CONTINGENT LIABILITIES**

The company has given fixed and floating charges over its assets and entered into a multilateral guarantee as security for borrowing facilities granted to itself and other group undertakings.

13. **ULTIMATE HOLDING COMPANY**

The holding company is Halcrow Group Limited and the ultimate holding company and ultimate controlling party is Halcrow Holdings Limited. Both companies are registered in England and Wales.

14. **RELATED PARTY TRANSACTIONS**

There are no transactions or balances with any related party, including entities in the Halcrow Holdings Limited group of companies, which require disclosure under the terms of Financial Reporting Standard 8. The company has applied the exemption in paragraph 3(c) of FRS 8.