

HALCROW WATERMAN LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31 DECEMBER 2000

REGISTERED NUMBER: SC 176135



HALCROW WATERMAN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2000

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HALCROW WATERMAN LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

1 PRINCIPAL ACTIVITY

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

Contracts entered into by the company are undertaken by Halcrow Group Limited as agent for the company.

2 RESULTS

The results for the year are disclosed in the profit and loss account on page 5. Under the arrangement with Halcrow Group Limited set out above, the company makes neither a profit nor a loss (1999:£nil).

3 DIRECTORS

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

A K Allum

W Bannister

J L Cockburn

M Harrison

I R M Laing

J M Stevens (resigned 20 April 2000)

I Wond (resigned 15 September 2000)

4 DIRECTORS' INTERESTS IN SHARES

No director has an interest in the shares of the company.

Mr A K Allum is a director of Halcrow Holdings Limited, the ultimate holding company and his interests in the share capital of Halcrow Holdings Limited are disclosed in the directors' report of that company.

Mr M Harrison is a director of Halcrow Group Limited, the holding company, and his interests are disclosed in that company's directors' report.

HALCROW WATERMAN LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000
(continued)

4 DIRECTORS' INTERESTS IN SHARES (continued)

The interests of the other directors in the shares of Halcrow Holdings Limited were as follows:

	<u>ORDINARY SHARES</u>		<u>OPTIONS</u>	
	<u>At 31</u>	<u>At 31</u>	<u>At 31</u>	<u>At 31</u>
	<u>December</u>	<u>December</u>	<u>December</u>	<u>December</u>
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
W Bannister	13,811	13,811	-	-
J L Cockburn	19,952	19,952	-	-
I R M Laing	13,811	13,811	-	-

The options are awarded under the group's Savings-Related Share Option Scheme.

The directors also have an interest as potential beneficiaries of The Halcrow Trust which at 31 December 2000 owned 16,188,370 ordinary shares (31 December 1999: 16,028,928) of Halcrow Holdings Limited. The Trust's objectives include the provision of benefits to directors and staff of Halcrow Holdings Limited and its subsidiary undertakings.

No director had a material interest in any contract or arrangement during the year to which Halcrow Holdings Limited or any of its subsidiary undertakings, including the company, is or was a party.

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 year.

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 31 December 2000. 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

HALCROW WATERMAN LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000
(continued)

6 **THE EURO**

The company does not have any trade with other European countries and the immediate impact of the introduction of the Euro is not considered to be significant. However, it is recognised that the adoption of the Euro by the United Kingdom could have significant implications for the company and these will be addressed as they arise.

7 **CLOSE COMPANY PROVISIONS**

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

8 **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 Deloitte & Touche who have expressed their willingness to continue in office.

9 **SMALL COMPANY EXEMPTIONS**

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

Registered office:
The Octagon
35 Baird Street
Glasgow
G4 0EE
Scotland

By order of the board


K Mair
Secretary
31 July 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF
HALCROW WATERMAN LIMITED

We have audited the financial statements on pages 5 to 8, which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

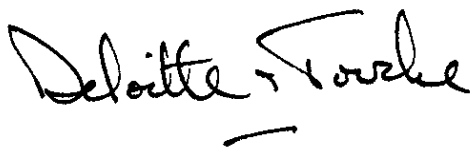
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Deloitte & Touche
Chartered Accountants and Registered Auditors

Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

31 July 2001

HALCROW WATERMAN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	<u>2000</u> £	<u>1999</u> £
Turnover	2	3,805,959	4,008,190
Cost of sales		<u>(3,805,959)</u>	<u>(4,008,190)</u>
Result for the year	3	<u><u>-</u></u>	<u><u>-</u></u>

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

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

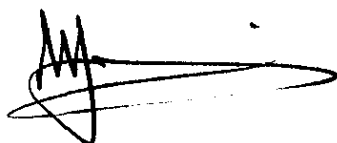
There is no difference between the result for the year stated above and its historical cost equivalent.

HALCROW WATERMAN LIMITED
BALANCE SHEET AT 31 DECEMBER 2000

	Notes	<u>2000</u>	<u>1999</u>
		£	£
DEBTORS - AMOUNTS FALLING DUE WITHIN			
ONE YEAR	4	<u>2</u>	<u>2</u>
 CAPITAL AND RESERVES			
Called up share capital	5	<u>2</u>	<u>2</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

The financial statements were approved by the board of directors on 31 July 2001 and signed on its behalf by:



M Harrison
Director

HALCROW WATERMAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2000

1 **ACCOUNTING POLICIES**

(a) **Basis of accounting**

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

(b) **Turnover**

Turnover represents amounts billed for professional services and items procured for clients, exclusive of value added tax, adjusted where necessary in accordance with the stage of completion on individual long term contracts.

(c) **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. The consolidated financial statements of Halcrow Holdings Limited are publicly available. Consequently the company is exempt under the provisions of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

2 **TURNOVER**

All turnover of the company arises in Scotland and derives from the one principal activity of the company.

3 **RESULT FOR THE YEAR**

The company has no employees (1999: nil).

None of the directors received any remuneration from the company (31 December 1999: £nil).

The audit fees for both the periods ended 31 December 2000 and 31 December 1999 were borne by Halcrow Group Limited.

HALCROW WATERMAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2000
(Continued)

4 **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2000</u>	<u>1999</u>
	£	£
Amount due from holding company	<u>2</u>	<u>2</u>

5 **SHARE CAPITAL**

	<u>2000</u>	<u>1999</u>
	£	£
Ordinary shares of £1 each:		
Authorised: 1,000 shares	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid: 2 shares	<u>2</u>	<u>2</u>

6 **ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Halcrow Group Limited and the ultimate parent undertaking and controlling party is Halcrow Holdings Limited. Both companies are registered in England and Wales.

Copies of the consolidated financial statements of Halcrow Holdings Limited may be obtained from the Company Secretary at Vineyard House, 44 Brook Green, London W6 7BY.

7 **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 (FRS8). The company has applied the exemption in paragraph 3(c) of FRS 8.