

**HALCROW WATERMAN LIMITED**

**DIRECTORS' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

**REGISTERED NUMBER: SC 00176135**

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**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

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**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2008.

**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 4. Under the arrangement with Halcrow Group Limited set out above, the company makes neither a profit nor a loss (2007: £nil).

The company has taken advantage of the small company exemption not to prepare an Enhanced Business Review.

**Going Concern**

The directors have acknowledged the latest guidance on going concern issued by the Financial Reporting Council. Whilst the current volatility in financial markets has created general uncertainty, the company has access to group financial resources. As a consequence, the directors believe that the company is adequately placed to manage its business risks despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

**3 DIRECTORS**

The following served as directors of the company during the year under review and to the date of this report:

W Bannister

M Harrison

I R M Laing (resigned 16 May 2008)

**4 STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**  
**(Continued)**

**4 STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent; and*
- *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 responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that 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.

**5 DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**6 AUDITORS**

Deloitte LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Registered office:  
City Park  
368 Alexandra Parade  
Glasgow  
G31 3AU

By order of the board

  
K Mair  
Secretary  
18 December 2009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**HALCROW WATERMAN LIMITED**

We have audited the financial statements of Halcrow Waterman Limited for the year ended 31 December 2008, which comprise the profit and loss account, the balance sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Reading, UK  
22 December 2009

**HALCROW WATERMAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	<u>2008</u> £	<u>2007</u> £
Turnover	2	4,179	28,444
Cost of sales		<u>(4,179)</u>	<u>(28,444)</u>
Profit before and after taxation	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 were no movements in reserves or shareholders' funds other than those shown above. Accordingly no statement of movement on reserves or reconciliation of movements in shareholders' funds has been presented.

**HALCROW WATERMAN LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 2008**

	Notes	<u>2008</u>	<u>2007</u>
		£	£
<b>CURRENT ASSETS</b>			
Debtors	4	<u>2</u>	<u>2</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	<u>2</u>	<u>2</u>
<b>SHAREHOLDERS' FUNDS</b>		<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 of Halcrow Waterman Limited, registered number SC 00176135 were approved by the Board of Directors and authorised for issue on 18 December 2009:



W Bannister  
Director

**HALCROW WATERMAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are shown below and they have all been applied consistently throughout the current and preceding year.

In accordance with FRS1 'Cash Flow Statements', the company is exempt from the requirements to prepare a cash flow statement as it is a wholly owned subsidiary of Halcrow Holdings Limited, the consolidated financial statements of which are publicly available.

**Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Director's Report on pages 1 to 2.

During 2008, the Halcrow Holdings Group, of which the company is a member, met its day to day working capital requirements through overdraft facilities totalling £19 million and a medium term loan of £9 million. Since the year end additional overdraft and loan facilities have been secured including an additional committed borrowing facility of £7 million. All facilities, except the medium term loan, are due for renewal over the next twelve month period. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; (b) the exchange rate between sterling and principally the US dollar and US dollar-pegged currencies and the Euro; (c) a slowdown in payment patterns from recent experience with a consequent impact on working capital; and (d) the availability of bank finance in the foreseeable future.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. The group will open renewal negotiations with its banks prior to expiry of the current facilities and has at this stage not sought any written confirmation that the facilities will be renewed. However, the group has held discussions with its bankers about future borrowing needs and no matters have been drawn to its attention to suggest that the renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the company and the group have reasonable resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**(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.



**HALCROW WATERMAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**  
**(Continued)**

**1 ACCOUNTING POLICIES (Continued)**

**(c) Long term contracts**

Amounts recoverable on contracts represent turnover and supply of services which have not yet been invoiced to clients. Such amounts are separately disclosed within debtors.

The valuation of amounts recoverable on fixed price contracts is adjusted to take up profit to date or foreseeable losses in accordance with the accounting policy for recognition of profits.

Cost comprises:

- amounts recoverable valued at the cost of salaries and associated payroll expenses of employees engaged on projects.
- unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.

Where amounts invoiced to clients exceed the book value of work done the excess is included in creditors as payments on account.

**2 TURNOVER**

All turnover of the company arises in Scotland and is derived from the principal activity of the company.

**3 PROFIT BEFORE AND AFTER TAXATION**

The company has no employees (2007: nil).

The directors were paid by Halcrow Group Limited. The portion of remuneration which relates to this company was £nil (2007: £nil).

The audit fee of £2,000 (2007: £2,000) was borne by Halcrow Group Limited.

**HALCROW WATERMAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**  
(Continued)

**4 DEBTORS**

	<u>2008</u>	<u>2007</u>
	£	£
Amount owed by parent company	<u>2</u>	<u>2</u>

**5 CALLED UP SHARE CAPITAL**

	<u>2008</u>	<u>2007</u>
	£	£
Ordinary shares of £1 each:		
Authorised: 1,000 shares	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid: 2 shares	<u>2</u>	<u>2</u>

**6 CONTINGENT LIABILITIES**

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

The total amount of the group's relevant borrowings at 31 December 2008 was £9,296,000 (2007: £6,953,000).

**7 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Halcrow Group Limited. The parent undertaking of the only group in which the company is included, and which is also 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.

**8 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.