

HALCROW WATERMAN LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31 DECEMBER 1998

REGISTERED NUMBER: SC 176135

  
  
SCT S1BOSN3A 0497  
COMPANIES HOUSE 13/01/00

**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1998**

**CONTENTS**

	<b><u>Pages</u></b>
Directors' report	1-3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7-8

**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 1998**

The directors submit their report and the audited financial statements of the company for the eight months ended 31 December 1998.

**1 PRINCIPAL ACTIVITY**

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

The business and assets of the company were transferred to Sir William Halcrow & Partners Limited at their book value on 19 June 1997. They were then transferred to Halcrow Group Limited, the holding company, on 30 April 1998. Contracts entered into by the company are undertaken by Halcrow Group Limited as agent for the company.

**2 CHANGE OF FINANCIAL YEAR END**

The company's financial year end has changed from 30 April to 31 December.

The previous accounting period was from 30 May 1997, the date of the company's incorporation, to 30 April 1998.

**3 RESULTS**

The results for the period are set out in the profit and loss account on page 5.

Under the arrangements with Halcrow Group Limited set out above, the company made neither a profit nor a loss.

**4 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  
I Wond

**5 DIRECTORS' INTERESTS IN SHARES**

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 PERIOD ENDED 31 DECEMBER 1998**  
(continued)

**5 DIRECTORS' INTERESTS IN SHARES (continued)**

The interests of other directors were as follows:

	<u>ORDINARY SHARES</u>		<u>OPTIONS</u>	
	<u>At 31 Dec</u>	<u>At 30 Apr</u>	<u>At 31 Dec</u>	<u>At 30 Apr</u>
	<u>1998</u>	<u>1998</u>	<u>1998</u>	<u>1998</u>
W Bannister	13,811	13,811	-	-
J L Cockburn	19,952	19,952	-	-
I R M Laing	13,811	13,811	-	-
J M Stevens	13,811	13,811	3,568	3,568
I Wond	5,000	5,000	-	-

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 owned 15,692,888 ordinary shares (30 April 1998: 15,608,285) 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.

**6 STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by United Kingdom company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company at the end of the financial period 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 period ended 31 December 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.

**7 THE MILLENNIUM**

A programme throughout the Halcrow group to address the impact of the Year 2000 on computer systems, systems with embedded chips and systems installed by the group for clients is almost complete. A Declaration of Policy regarding Year 2000 Compliance has been signed by the Chairman, responsibilities have been assigned and an Action Plan developed.

**HALCROW WATERMAN LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 1998**  
(continued)

**7 THE MILLENNIUM (continued)**

The principal features of the Action Plan include:

- Internal software survey and awareness campaign
- Replacement of non-compliant systems with compliant systems
- BIOS compliance checks on all PCs (installed and incoming)
- Hardware survey and impact analysis (including embedded systems)
- Obtaining compliance statements or status reports from principal suppliers (including third party software suppliers)
- Responding to enquiries from clients regarding our state of readiness
- Preparing contingency plans.

The principal outstanding actions are:

- Final archiving and closing down of the superseded accounting system
- Commissioning of replacement telephone systems at the group's offices in London and Swindon.

These remaining actions will be completed during November 1999.

The total cost of the Year 2000 programme is being borne by Halcrow Group Limited and so this company has not incurred any such cost.

**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 PricewaterhouseCoopers who have expressed their willingness to continue in office.

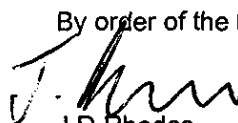
**9 CLOSE COMPANY PROVISIONS**

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

**10 SMALL COMPANY EXEMPTIONS**

In preparing this report, the directors have taken advantage of special exemptions available to small companies conferred by Part II of Schedule 8 to the Companies Act.

Registered office:  
St Stephens House  
279 Bath Street  
Glasgow  
G2 4JL

By order of the board  
  
J D Rhodes  
Secretary  
8 November 1999

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

We have audited the financial statements on pages 5 to 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Report including, as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

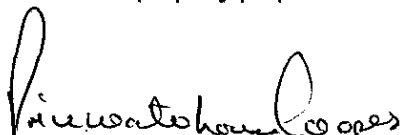
**Basis of audit opinion**

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 31 December 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

**Chartered Accountants and Registered Auditors**

London

8 November 1999

**HALCROW WATERMAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE EIGHT MONTHS ENDED 31 DECEMBER 1998**

	Notes	8 months <u>31 Dec</u> <u>1998</u> £	11 months <u>30 Apr</u> <u>1998</u> £
Turnover	3	2,348,946	1,669,710
Cost of sales		<u>(2,348,946)</u>	<u>(1,669,710)</u>
Retained profit for the period	4	<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 than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

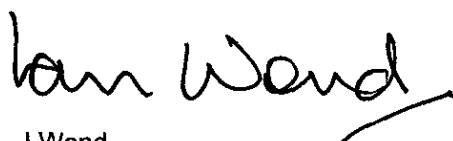
There is no difference between the retained profit for the period stated above and its historical cost equivalent.

**HALCROW WATERMAN LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1998**

	Notes	<u>31 Dec</u> <u>1998</u>	<u>30 Apr</u> <u>1998</u>
		£	£
DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	5	<u>2</u>	<u>2</u>
 CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account		<u>-</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

In the preparation of these financial statements advantage has been taken of special exemptions available to small companies, conferred by part I of Schedule 8 to the Companies Act 1985, on the grounds that the company is a small company within the provisions of section 247 of the Companies' Act 1985.

The financial statements were approved by the board of directors on 8 November 1999 and signed on its behalf by:



I Wond  
Director



**HALCROW WATERMAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 1998**

**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 for 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. Consequently the company is exempt under the provisions of Financial Reporting Standard 1 from publishing a cash flow statement.

**2 TRANSFER OF THE BUSINESS**

The business and assets of the company were transferred to Sir William Halcrow & Partners Limited at their book value on 19 June 1997. They were then transferred to Halcrow Group Limited, the holding company, on 30 April 1998. Contracts entered into by the company are undertaken by Halcrow Group Limited as agent for the company.

**3 TURNOVER**

All turnover of the company arises in Scotland.

4 <u>RETAINED PROFIT FOR THE PERIOD</u>	<u>31 Dec</u>	<u>30 Apr</u>
	<u>1998</u>	<u>1998</u>
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

The audit fees for both the periods ended 31 December 1998 and 30 April 1998 were borne by Halcrow Group Limited.

**HALCROW WATERMAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 1998**  
(Continued)

5	<b><u>DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u></b>	<u>31 Dec</u> <u>1998</u> £	<u>30 Apr</u> <u>1998</u> £
	Amount due from holding company	<u>2</u>	<u>2</u>
6	<b><u>CALLED UP SHARE CAPITAL</u></b>	<u>31 Dec</u> <u>1998</u> £	<u>30 Apr</u> <u>1998</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>

7 **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.

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 No. 8. The company has applied the exemption in paragraph 3(c) of FRS 8.