

STEER DAVIES & GLEAVE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

Company No. 1883830



BLEVINSFRANKS
CHARTERED ACCOUNTANTS

STEER DAVIES & GLEAVE LIMITED

COMPANY INFORMATION

Directors

J.K. Steer
P.D. Twelftree
L.G. Willumsen
C.H. Russell
B.V. Martin
F. Beltrandi

Secretary

D.A. Nutt

Company number

1883830

Registered office

Barbican House
26-34 Old Street
London EC1V 9HL

Business Address

28-32 Upper Ground
London
SE1 9PD

STEER DAVIES & GLEAVE LIMITED

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The following pages do not form part of the statutory financial statements

Management profit and loss account	16 to 18
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STEER DAVIES & GLEAVE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH 2000

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

Principal Activities

The company's principal activity continued to be that of the provision of transport planning consultancy services to the public and private sectors.

Review of Business and Future Developments

The state of the company's affairs is as shown by the attached financial statements. The company's performance has further improved this year with fees earned of £12,283,624 (1999: £8,585,029) and profit before tax of £911,004 (1999: £534,240).

Profit after taxation amounted to £498,004 (1999: £339,033). The directors do not recommend payment of a dividend and the retained profit has been transferred to reserves.

The company celebrated its 21st anniversary during the year, and continues to expand its operations in London, Leeds and Edinburgh.

The company opened a new branch in Australia during the year and now has five overseas branches. These are in Argentina, Australia, Chile, Italy, and Spain, and cover operations in Europe, South America and Australasia. New international opportunities continue to be explored.

Research and development

The company undertakes analytical research into many non-standard transport issues such as the dynamics of growth in transport demand. It also develops and applies new market research and analytical tools such as stated preference, strategy choice and systems dynamics.

Directors

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital of £0.01 each were:

Name of director	At 31st March 2000	At 1st April 1999
J.K. Steer	1,891,823	2,075,156
P.D. Twelftree	510,065	558,398
L.G. Willumsen	777,346	850,679
C.H. Russell	309,629	309,629
B.V. Martin	-	-
F. Beltrandi	184,063	165,313

The Euro

The introduction of the Euro has not had a significant financial effect on the company.

STEER DAVIES & GLEAVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then 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 responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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.

By order of the Board



Secretary: D.A. Nutt

Date: 3rd March 2001

**AUDITORS' REPORT TO THE
SHAREHOLDERS OF STEER DAVIES & GLEAVE LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and 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 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 the 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 31st March 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blevins Franks Limited

Blevins Franks Limited

Chartered Accountants and Registered Auditors
Barbican House
26-34 Old Street
London
EC1V 9QQ

Date: 5 March 2001

Ref: DSF/S410

STEER DAVIES & GLEAVE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000 £	1999 £
Turnover	2	<u>12,283,624</u>	<u>8,585,029</u>
Change in stocks of finished goods and in work in progress		94,978	199,958
Other operating income		56,558	31,063
Other external charges		(2,686,989)	(1,459,283)
Staff costs			
Wages and salaries		(5,613,282)	(4,096,130)
Social security costs		(471,573)	(328,429)
Other pension costs		(304,909)	(236,752)
Depreciation and other amounts written off tangible and intangible fixed assets		(197,470)	(283,769)
Other operating charges		(2,230,567)	(1,869,442)
Operating profit	3	<u>930,370</u>	<u>542,245</u>
Income from fixed asset investments - participating		1,698	477
		932,068	542,722
Other interest receivable and similar income		4,256	9,224
Interest payable and similar charges	4	(25,320)	(17,706)
Profit on ordinary activities before tax		<u>911,004</u>	<u>534,240</u>
Taxation	6	(413,000)	(195,207)
Profit on ordinary activities after tax		<u>498,004</u>	<u>339,033</u>
Retained profit brought forward		<u>1,391,719</u>	<u>1,052,686</u>
Retained profit carried forward		<u>1,889,723</u>	<u>1,391,719</u>

All amounts relate to continuing activities.

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

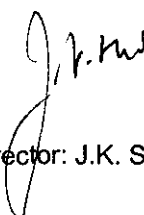
STEER DAVIES & GLEAVE LIMITED


BALANCE SHEET

AS AT 31ST MARCH 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	7		776,761		370,773
Investments	8		2,468		2,468
			<u>779,229</u>		<u>373,241</u>
Current assets					
Work in progress	10	484,345		418,223	
Debtors	11	5,374,839		2,592,847	
Cash at bank and in hand		101,874		351,214	
			<u>5,961,058</u>	<u>3,362,284</u>	
Creditors: amounts falling due within one year	12	(4,508,110)		(2,099,480)	
Net current assets			<u>1,452,948</u>		<u>1,262,804</u>
Total assets less current liabilities			<u>2,232,177</u>		<u>1,636,045</u>
Creditors: amounts falling due after more than one year	13		<u>(211,458)</u>		<u>(113,330)</u>
			<u>2,020,719</u>		<u>1,522,715</u>
Capital and reserves					
Share capital	16		60,583		60,583
Share premium account			70,413		70,413
Profit and loss account			1,889,723		1,391,719
Shareholders' funds	20		<u>2,020,719</u>		<u>1,522,715</u>

Approved by the board and signed on its behalf by:


Director: J.K. Steer


Director: P.D. Twelftree

Date: 3 March, 2001

STEER DAVIES & GLEAVE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000	1999
		£	£
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit		930,370	542,245
Depreciation		197,515	285,009
Profit on sale of fixed assets		(45)	(1,240)
Increase in stocks		(66,122)	(192,714)
Increase in debtors		(2,781,992)	(451,996)
Increase in creditors		1,904,562	379,253
Net cash inflow from operating activities		184,288	560,557
CASH FLOW STATEMENT			
Net cash inflow from operating activities		184,288	560,557
Returns on investments and servicing of finance	18	(19,366)	(8,005)
Taxation		(189,162)	(134,628)
Capital expenditure and financial investment	18	(490,789)	(278,543)
Cash outflow/inflow before use of liquid resources and financing		(515,029)	139,381
Financing	18	48,304	(54,738)
Decrease/Increase in cash		(466,725)	84,643
Reconciliation of net cash flow to movement in net debt			
Decrease/Increase in cash in the year		(466,725)	84,643
Increase/Decrease in loans	19	(48,304)	54,738
New finance leases	19	(112,669)	-
Increase in net debt	19	(627,698)	139,381
Net debt at 1st April 1999		234,793	95,412
Net (Debt)/Funds at 31st March 2000	19	(392,905)	234,793

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

1 Accounting policies

Basis of accounting

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

Fees Earned

Fees earned represent billings for professional fees and reimbursable expenses in respect of the proportion of work completed. Fees earned are stated net of Value Added Tax.

Investment income

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Short leasehold land and buildings	10 % or over lease term, whichever is higher
Long leasehold land and buildings	2% per annum on cost
Motor vehicles	25% per annum on cost
Office equipment	25% per annum on cost
Computer equipment	33 1/3 - 50% per annum on cost

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Work in progress

Work in progress has been valued at cost, including appropriate overhead expenses less any foreseeable losses to completion of contracts.

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Contribution to pension funds

The company makes defined contributions towards staff pensions. The pension cost charged in the accounts represents amounts paid and payable by the company under the terms of staff employment contracts.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Fees Earned

Fees earned represent billings for professional fees and reimbursable expenses in respect of the proportion of work completed. Fees earned are stated net of Value Added Tax.

Segmental reporting, analysis of fees earned and profit by activity and geographical markets have been excluded as the directors consider such disclosure would be prejudicial to the interests of the company.

Fees earned and profit on ordinary activities is attributable to one continuing activity, the provision of transport planning consultancy to the public and private sector.

3 Operating profit

The operating profit is arrived at after charging or (crediting):	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	178,610	277,411
-assets held under finance leases and hire purchase	18,905	7,598
(Profit)/loss on disposal of fixed assets	(45)	(1,240)
Operating lease rentals - plant and machinery	28,128	35,273
Operating lease rentals - land and buildings	278,836	217,269
Directors' remuneration (including pension contributions)	534,537	518,434
Auditors' remuneration - non audit work	6,179	5,154
Auditors' remuneration	12,000	12,000
Research and development - expenditure in year	28,717	5,700
Operating lease rental income - Land and buildings	(56,558)	(31,063)

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

4	Interest payable and similar charges	2000	1999
		£	£
	Interest payable on bank loans and overdrafts	11,446	5,032
	Finance leases and hire purchase contracts	6,364	2,595
	Interest payable on other loans	7,510	10,079
		25,320	17,706

5 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2000	1999
	£	£
Wages and salaries	4,934,916	3,606,030
Social security costs	471,573	328,429
Other pension costs	304,909	236,752
Staff bonus	678,366	490,100
	6,389,764	4,661,311

The average monthly number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Management and administration	154	120

Directors' emoluments

	2000	1999
	£	£
Aggregate emoluments	491,417	483,066
Directors' pension contributions under defined contribution schemes	43,120	35,368
	534,537	518,434

Retirement benefits were accruing to directors as follows:

	2000	1999
	Number	Number
Defined contribution pension scheme	5	5

Highest paid director

	2000	1999
	£	£
Aggregate emoluments	99,807	123,635
Contributions to a money purchase pension scheme	9,460	7,800
	109,267	131,435

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

6 Taxation

	2000 £	1999 £
Based on the profit for the year:		
UK corporation tax at 31% (1999: 31%)	380,000	220,000
Prior periods		
UK corporation tax	33,000	(24,793)
	<u>413,000</u>	<u>195,207</u>

7 Tangible fixed assets

	Long leasehold land and buildings £	Short leasehold land and buildings £	Motor Vehicles £	Office Equipment £	Computer Equipment £	Total £
Cost						
At 1st April 1999	-	31,811	45,762	217,883	472,390	767,846
Additions	231,796	6,202	-	196,615	170,719	605,332
Disposals	-	-	(1,920)	-	(6,555)	(8,475)
At 31st March 2000	<u>231,796</u>	<u>38,013</u>	<u>43,842</u>	<u>414,498</u>	<u>636,554</u>	<u>1,364,703</u>
Depreciation						
At 1st April 1999	-	14,746	16,747	36,089	329,491	397,073
Charge for the year	1,500	5,531	11,874	49,427	129,183	197,515
Disposals	-	-	(91)	-	(6,555)	(6,646)
At 31st March 2000	<u>1,500</u>	<u>20,277</u>	<u>28,530</u>	<u>85,516</u>	<u>452,119</u>	<u>587,942</u>
Net book value At 31st March 2000	<u>230,296</u>	<u>17,736</u>	<u>15,312</u>	<u>328,982</u>	<u>184,435</u>	<u>776,761</u>
At 31st March 1999	-	17,065	29,015	181,794	142,899	370,773

The net book value of tangible fixed assets of £776,761 (1999: £370,773) includes an amount of £30,147 (1999: £49,052) of assets held under hire purchase contracts. Depreciation charged in the year on these assets amounted to £18,905 (1999: £7,598).

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

8 Fixed asset investments

	Shares in Group Undertakings £	Investments Other than Loans £	Total £
Cost			
At 1st April 1999	103	2,365	2,468
At 31st March 2000	103	2,365	2,468
Net book value			
At 31st March 2000	103	2,365	2,468
At 31st March 1999	103	2,365	2,468

9 Shares in group undertakings

Details of the subsidiary and associated undertakings are:

Name of company	Country of registration	Holding	Proportion of shares held	Nature of business
SDG International Limited	England	Ordinary shares of £1 each	100%	Dormant
Steer Davies Gleave Limited	Eire	Ordinary shares of £1 each	100%	Dormant
Heathrow CityLink Limited	England	Ordinary shares of £1 each	100%	Dormant
Kozlekedes KFT	Hungary	Capital stock	5%	Transport Consultancy

10 Work in Progress

	2000 £	1999 £
Work in progress	484,345	418,223

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

11	Debtors	2000 £	1999 £
	Trade debtors	3,723,726	1,798,137
	Other debtors	227,327	185,411
	Prepayments and accrued income	1,423,786	609,299
		<u>5,374,839</u>	<u>2,592,847</u>

Included in the above are amounts falling due after more than one year as follows:

Other debtors - Rent deposit	<u>21,804</u>	<u>10,893</u>
------------------------------	---------------	---------------

12	Creditors: amounts falling due within one year	2000 £	1999 £
	Other loans (Note 14)	24,869	-
	Bank loans and overdrafts (Note 14)	217,385	-
	Obligations under hire purchase and finance lease (Note 15)	41,067	3,091
	Trade creditors	720,666	366,229
	Corporation tax	448,760	224,922
	Other taxes and social security	521,585	307,766
	Other creditors	188,606	11,593
	Accruals and deferred income	2,345,172	1,185,879
		<u>4,508,110</u>	<u>2,099,480</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all of the company's assets.

13	Creditors: amounts falling due after more than one year	2000 £	1999 £
	Other loans (Note 14)	143,913	100,000
	Obligations under hire purchase and finance lease (Note 15)	67,545	13,330
		<u>211,458</u>	<u>113,330</u>

The other loan is secured by a legal charge over the long leasehold property, and bears interest at 2% over Barclays bank base rate.

The bank loans and overdrafts are secured by a debenture on the company's assets. The bank loan bears interest at 12.25 %.

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

14	Loans and borrowings	2000	1999
		£	£
	Analysis of loans		
	Other loans	168,782	100,000
	Bank loans and overdraft	217,385	-
	Obligations under hire purchase and finance lease	108,612	16,421
		494,779	116,421
	Maturity of debt		
	In one year or less, or on demand	283,321	3,091
	In more than one year, but not more than two years	67,545	13,330
	In more than two years, but not more than five years	143,913	100,000
		494,779	116,421
15	Obligations under hire purchase and finance leases	2000	1999
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	41,067	3,091
	In the second to fifth years inclusive	67,545	13,330
		108,612	16,421
16	Share capital	2000	1999
		£	£
	Authorised		
	Equity shares		
	100,000,000 Ordinary shares of £0.01 each	1,000,000	1,000,000
	Allotted, called up and fully paid		
	Equity shares		
	6,058,274 Ordinary shares of £0.01 each	60,583	60,583

17 Pension scheme

The company contributes to employees' personal pension plans in accordance with the terms of their employment contracts. The pension cost charged represents contributions payable by the company, and amounted to £261,789 (1999: £201,384) and included an additional 6 % paid this year. There were no contributions outstanding at the year end.

There is a small self administered pension scheme for the benefit of certain directors. No contributions are payable to this scheme.

STEER DAVIES & GLEAVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2000

18	Gross cash flows	2000	1999
		£	£
	Returns on investments and servicing of finance		
	Interest received	4,256	9,224
	Income from investments	1,698	477
	Interest paid	(18,956)	(15,111)
	Interest element of finance lease rentals payment	(6,364)	(2,595)
		<u>(19,366)</u>	<u>(8,005)</u>
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(492,663)	(279,783)
	Proceeds from the sale of tangible fixed assets	1,874	1,240
		<u>(490,789)</u>	<u>(278,543)</u>
	Financing		
	Increase/Decrease in other loans due within one year	24,869	(13,127)
	Decrease in amounts owed to associated companies due within one year	-	(100)
	Increase/Decrease in other loans due in more than 1 year	43,913	(35,000)
	Capital element of finance lease rentals payments	(20,478)	(6,511)
		<u>48,304</u>	<u>(54,738)</u>
19	Analysis of changes in net debt		
		1999	2000
		Cash flows	Non-cash changes
		£	£
	Cash at bank and in hand	351,214	101,874
	Overdrafts	(217,385)	(217,385)
		<u>351,214</u>	<u>(115,511)</u>
	Debt due within one year	(24,869)	(24,869)
	Debt due after one year	(43,913)	(143,913)
	Finance leases	20,478	(108,612)
		<u>(116,421)</u>	<u>(277,394)</u>
		<u>234,793</u>	<u>(392,905)</u>
20	Reconciliation of movement in shareholders' funds	2000	1999
		£	£
	Profit for the financial year	498,004	339,033
	Increase in the shareholders' funds	498,004	339,033
	Opening shareholders' funds	1,522,715	1,183,682
	Closing shareholders' funds	<u>2,020,719</u>	<u>1,522,715</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2000

21 Operating lease commitments

At 31st March 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2000	1999
	£	£
Operating leases which expire:		
Within one year	9,775	50,241
Between two and five years	-	-
After five years	301,434	156,514
	311,209	206,755

22 Capital commitments

The company had the following capital commitments:

	2000	1999
	£	£
Contracted for but not provided in the financial statements	73,000	379,000

23 Related parties

In addition to his services as a director, BV Martin provided other services to the company, at commercial rates, amounting to £50,058 (1999: £61,245).

The company received a loan of £100,000 from the directors' pension fund, in which JK Steer, L G Willumsen, PD Twelftree, and CH Russell have an interest as beneficiaries. The loan carried an interest charge of 3% over Barclays Bank base rate, and was secured on the company's assets. The loan was repaid during the year.

The company is controlled by the board of directors.