

Registered Number: 2876729

BAS CONSULTANCY LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 1997



BAS CONSULTANCY LIMITED

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BAS CONSULTANCY LIMITED

OFFICERS AND ADVISERS

Directors:

C. Cole
M.S. Paul
R.G.M. Cook

Secretary:

C.D. Mason

Auditors:

Chantrey Vellacott
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Bankers:

Barclays Bank plc
8-9 Hanover Square
London
W1A 4ZW

Registered Office:

32 Wellesley Road
Croydon
Surrey
CR0 2AD

BAS CONSULTANCY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with and the audited financial statements. In November 1997 WSP Group plc acquired the 50% interest in the Company previously owned by Watts & Partners. As the Company is now wholly owned by WSP Group plc the accounting reference date has been changed to 31st December and the financial statements are for the nine months to 31st December 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the provision of building and architectural services. Both the level of business and the year end financial position were satisfactory. No major changes in the activities of the company are envisaged in the future.

RESULTS AND DIVIDENDS

The company's results for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a final dividend (1996: Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their beneficial interests in the share capital, share options and performance share plan of the parent company, WSP Group plc, full details of which are set out in that company's accounts, were as follows:

	<u>31.12.1997</u>			<u>1.1.1997</u>		
	Ordinary Shares	Share Options	Performance Share Plan	Ordinary Shares	Share Options	Performance Share Plan
C. Cole	989,332	75,000	80,769	1,169,332	75,000	-
M.S. Paul	921,810	75,000	76,923	1,132,810	75,000	-
R.G.M Cook	-	-	-	-	-	-

The directors had no beneficial interests in the share capital of the company.

DIRECTORS' LIABILITY INSURANCE

As permitted by Section 310 of the Companies Act 1985, the company has purchased insurance cover in respect of directors' and officers' liabilities.

STATEMENT OF 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 of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which 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.

BAS CONSULTANCY LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

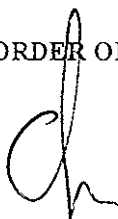
FIXED ASSETS

Movements in fixed assets are shown in note 7 to the financial statements.

AUDITORS

The Board has reviewed its audit arrangements and does not propose to reappoint Chantrey Vellacott as auditors at the forthcoming annual general meeting. KPMG Audit Plc have indicated their willingness to be appointed as auditors and a resolution concerning their appointment will be submitted to the annual general meeting. The Board wishes to express its gratitude for the assistance provided by Chantrey Vellacott over recent years.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'C.D. Mason', written over the text 'BY ORDER OF THE BOARD'.

C.D. MASON

Secretary

9th March 1998

REPORT OF THE AUDITORS

to the member of

BAS CONSULTANCY LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of 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. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

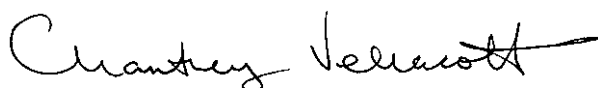
BASIS OF OPINION

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 as at 31st December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT

Chartered Accountants

Registered Auditors

LONDON

9th March 1998

BAS CONSULTANCY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997

	<u>Notes</u>	Period ended 31 December <u>1997</u> £	Year ended 31 March <u>1997</u> £
Turnover	2	916,950	1,193,320
Net operating expenses		(828,404)	(1,183,042)
Operating profit		88,546	10,278
Interest payable and similar charges	3	(3,794)	(7,233)
Profit on ordinary activities before taxation	4	84,752	3,045
Taxation	6	(7,277)	-
Profit for the financial period	13	<u>77,475</u>	<u>3,045</u>

There were no recognised gains or losses other than the results shown above.

The notes on pages 7 to 11 form part of these financial statements.

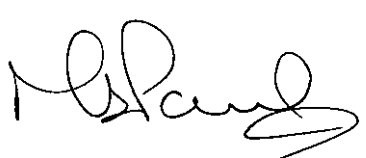
BAS CONSULTANCY LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1997

	<u>Notes</u>	31 December <u>1997</u>	31 March <u>1997</u>
		£	£
FIXED ASSETS			
Tangible assets	7	96,637	79,993
CURRENT ASSETS			
Debtors	8	570,695	376,010
Cash at bank and in hand		1,968	25,284
		<u>572,663</u>	<u>401,294</u>
CREDITORS: amounts falling due within one year	9	<u>(569,591)</u>	<u>(399,135)</u>
NET CURRENT ASSETS		3,072	2,159
Total assets less current liabilities		<u>99,709</u>	<u>82,152</u>
CREDITORS: amounts falling due after more than one year	10	<u>(16,003)</u>	<u>(75,921)</u>
NET ASSETS		<u>83,706</u>	<u>6,231</u>
CAPITAL AND RESERVES			
Called up share capital	12,13	4	4
Profit and loss account	13	83,702	6,227
		<u>83,706</u>	<u>6,231</u>
Shareholder's funds	13	<u>83,706</u>	<u>6,231</u>

The financial statements set out on pages 5 to 11 were approved by the board of directors on 9th March 1998 and were signed on its behalf by:


M.S. PAUL
Director

The notes on pages 7 to 11 form part of these financial statements.

BAS CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards using the historical cost basis of accounting.

Turnover

Turnover represents fees earned in respect of work carried out in the period in the ordinary course of business, net of value added tax.

Depreciation

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are as follows:

Motor vehicles	25%
Office equipment	20-33%
Fixtures and fittings	10%

Work in progress

Work in progress is stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable and is disclosed under debtors as amounts recoverable on contracts. Cost comprises direct labour and attributable overheads. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract, which may reasonably be attributed to the work carried out at the balance sheet date. Foreseeable losses are all losses currently expected to arise on contracts in progress, irrespective of their stage of completion at the balance sheet date. Progress payments receivable in excess of the value of work executed on individual contracts are included in creditors under the heading, payments received on account.

Deferred taxation

Deferred taxation arising as a result of timing differences between the profit as computed for taxation purposes and that stated in the financial statements is provided under the liability method when, in the opinion of the directors, there is a reasonable probability of a material reversal of a timing difference in the foreseeable future.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates prevailing at the balance sheet date. Transactions completed in foreign currencies during the period are translated at the appropriate ruling rates of exchange.

Leasing and hire purchase

The capital cost of equipment acquired under finance leases and hire purchase agreements is capitalised. Finance costs are charged to the profit and loss account over the period of the agreement. Obligations under finance leases and hire purchase agreements are included in creditors net of finance costs allocated to future periods. Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pension contributions

Pension costs are charged to the profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over the expected service lives of members.

BAS CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997

2. TURNOVER

Turnover represents the net value of services rendered to clients, excluding value added tax, and includes fees billed and changes in amounts recoverable on contracts. It is attribute to the principal activity of the company and represents services provided in the United Kingdom.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 December 1997 £	Year ended 31 March 1997 £
Bank overdraft	546	3,027
Obligations under finance lease and hire purchase contracts	3,248	4,206
	----- 3,794 =====	----- 7,233 =====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Period ended 31 December 1997 £	Year ended 31 March 1997 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	5,000	5,000
Depreciation-owned assets	22,078	29,664
-assets held under finance leases and hire purchase contracts	9,055	7,410
Operating lease rentals-Equipment and plant	7,977	13,098
	=====	=====

5. STAFF NUMBERS AND COSTS

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

	Period ended 31 December 1997 No	Year ended 31 March 1997 No
Administration	10	8
Technical and management	26	25
	--- 36 ==	--- 33 ==

Staff costs, including directors:

Wages and salaries	497,003	634,467
Directors' remuneration	40,104	40,000
Social security costs	45,354	57,028
Pension contributions	2,670	50,067
	----- 585,131 =====	----- 781,562 =====

BAS CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997**

6. TAXATION	Period ended 31 December 1997 £	Year ended 31 March 1997 £
UK corporation tax at 31.5% (1996:33%)	7,277	5,195
Overprovision in respect of prior year	-	(5,195)
	-----	-----
	7,277	-
	=====	=====

The company has taken advantage of tax losses within the group to offset against its tax charge.

7. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Fixtures & Fittings £	Total £
COST				
At 31st March 1997	83,588	51,597	13,976	149,161
Additions	6,737	31,985	-	38,722
	-----	-----	-----	-----
At 31st December 1997	90,325	83,582	13,976	187,883
	-----	-----	-----	-----
DEPRECIATION				
At 31st March 1997	35,095	24,610	9,463	69,168
Provided during the period	11,619	7,059	3,400	22,078
	-----	-----	-----	-----
At 31st December 1997	46,714	31,669	12,863	91,246
	-----	-----	-----	-----
NET BOOK VALUE				
At 31st December 1997	43,611	51,913	1,113	96,637
	=====	=====	=====	=====
At 31st March 1997	48,493	26,987	4,513	79,993
	=====	=====	=====	=====

The net book value of fixed assets includes an amount of £55,905 in respect of assets held under finance leases and hire purchase agreements.

8. DEBTORS	31 December 1997 £	31 March 1997 £
Trade debtors	186,954	249,899
Amounts recoverable on contracts	125,997	73,083
Amounts owed by group undertakings	234,413	10,827
Corporation tax repayable	-	5,195
Other debtors	2,564	15,180
Prepayments and accrued income	20,767	21,826
	-----	-----
	570,695	376,010
	=====	=====

BAS CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997

9. CREDITORS: amounts falling due within one year	31 December 1997 £	31 March 1997 £
Obligations under finance leases and hire purchase contracts	14,440	15,793
Trade creditors	110,630	44,206
Amounts owed to group undertakings	350,379	248,265
Corporation tax	2,082	-
Other taxes and social security costs	67,937	58,485
Accruals and deferred income	8,357	24,499
Other creditors	15,766	7,887
	<u>569,591</u>	<u>399,135</u>

10. CREDITORS: amounts falling due after more than one year	31 December 1997	31 March 1997
Obligations under finance leases and hire purchase contracts	16,003	925
Loans from associates	-	74,996
	<u>16,003</u>	<u>75,921</u>

Obligations under finance leases and hire purchase contracts are payable:

Between one and two years	9,602	925
Between two and five years	6,401	-
	<u>16,003</u>	<u>925</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

There were contingent liabilities at 31st December 1997 of £150,000 in respect of guarantees and indemnities entered into in the ordinary course of business.

At 31 December 1997, the amount provided for deferred taxation and the full potential liability was £Nil.

12. CALLED UP SHARE CAPITAL

	31 December 1997 £	31 March 1997 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
4 ordinary shares of £1 each	<u>4</u>	<u>4</u>

BAS CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE MONTHS ENDED 31ST DECEMBER 1997

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit and loss account	Shareholder's funds
	£	£	£
At 1st March 1997	4	6,227	6,231
Profit for the financial period	-	77,475	77,475
At 31st December 1997	4	83,702	83,706

14. OPERATING LEASES COMMITMENTS

	31 December 1997	31 March 1997
Commitments in the next year under operating leases are as follows:-	£	£
Within two to five years	10,000	10,000

15. PENSION SCHEME

The company operates a defined benefit pension scheme. The assets of the scheme are held separately in an independently administered fund.

The pension charge for the year amounted to £2,670 (1996 : £50,067). Contributions totalling £3,091 (1996 : £3,091) were payable to the fund at the year end and are included in creditors.

The contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was in February 1997. The most significant actuarial assumptions adopted for determining pension costs are real investment returns of 4% - 5% per annum and salary increases of 3% - 4% per annum.

16. PARENT COMPANY

The company's parent company is WSP Group plc which is registered in England and Wales.