AUKETT ASSOCIATES PLC

2155571

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COMPANIES HOUSE 07/02/95

Inside cover

Detail of the new Tesco store at Hemel Hempstead

Photography: Timothy Soar

Directors and advisers

Directors

Gerald Kenneth Thomas Deighton *FCA Chairman**

Andrew Alexander Lett *Managing Director*

John William Thake *ACA MCSI*

Geoffrey Colin Harwood *BA MSc CEng FCIBSE Assoc*

Alan Bernard Brooker *JP DL FCA Non-executive**

Robert Henry Warner *ACA Finance Director and Company Secretary*

all of 13 Chelsea Embankment, London SW3 4LA

Registered Office
13 Chelsea Embankment
London SW3 4LA

Financial Advisers
Hill Samuel Bank Limited
100 Wood Street
London EC2P 2AJ

Stockbrokers
NatWest Wood Mackenzie & Co. Limited
135 Bishopsgate
London EC2M 3XT

Auditors
KPMG Peat Marwick
Chartered Accountants
1 Puddle Dock
London EC4V 3PD

Solicitors
Rowe & Maw
20 Black Friars Lane
London EC4V 6HD

Bankers
Lloyds Bank Plc
8/10 Waterloo Place
London SW1Y 4BE

Registrars and Transfer Office
Lloyds Bank Registrars
The Causeway
Worthing
West Sussex BN99 6DA

* Members of the Remuneration Committee.
The Audit Committee is composed of all directors.

Five year summary of results

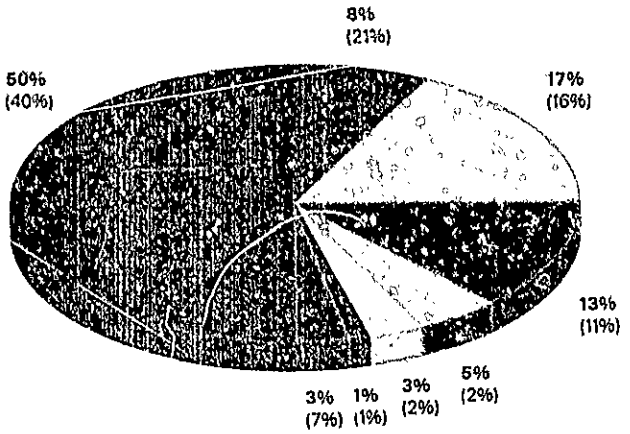
Years ended 30 September	Operating profit/(loss) £000	Profit/(loss) before taxation £000	Total work done £000
1990	2,290	1,810	17,747
1991	1,593	360	15,612
1992	(2,803)	(3,867)	8,466
1993	135	(2,254)	6,716
1994	**541**	**317**	**7,081**

The results prior to 1993 have been restated in accordance with the requirements of FRS 3.

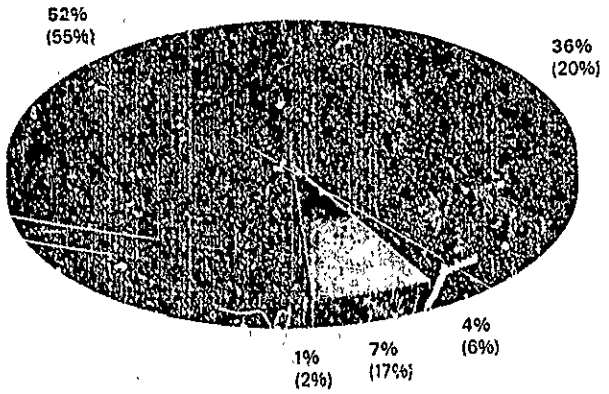
Statistical analysis of work done by Group

1993 figures indicated in brackets

Business sector



Client type



Chairman's statement

The Company has continued to make positive progress during the year with work done on continuing operations amounting to £7 08m (1993 £6 18m) This has resulted in an operating profit on continuing operations of £541 000 (1993 £63,000) and a profit before tax of £317,000 (1993 loss £2 254m) Earnings per share were 1 81p compared to a headline loss of 1.71p per share last year. Net borrowings were reduced to £2 362m from £2 775m in 1993 The Board's policy continues to be one of cash generation in order to further reduce gearing to a more acceptable level.

This is a much improved performance in a market that remains difficult and unpredictable and results from a very close control of costs and improved efficiency, with particular emphasis on the use of computer-aided design In spite of this progress the Board is still unable to recommend the payment of a dividend for the year. Now that profitability has been restored it is our intention to reinstate payments as soon as possible and we are considering ways to improve the distributable reserves position of the Company. This matter is unlikely to be resolved before the end of the current financial year.

There is no doubt that the economic climate in the United Kingdom is improving. However the effects of this improvement have still to come through to the property and construction sector. At the present time, although more enquiries are being received, new construction projects remain difficult to acquire. In addition the practice of bidding for professional fees is increasing with the result that profit margins on new work remain low. This in turn has necessitated greater precision concerning the type and range of service provided for each individual project, whilst maintaining the high standard of design and service to clients that the Company has traditionally offered.

Our joint venture offices in Amsterdam and Berlin continue to make a significant contribution to the Company and in the current year provided 21.4% of turnover compared with 16.1% in 1993. The experience of working in Europe has proved valuable and we now have a much better understanding of the needs and requirements of the differing locations in which we work. The Board has been considering the need for further expansion in the European Community and numerous options are being looked at. Any financial commitments in this respect will be prudent and are unlikely to be made before the end of 1995.

We continue to receive new instructions which include the following:

- **Akeler (Scotland) Limited**

The design and construction of an 80,000 sq.ft. office development at Hamilton in Lanarkshire.

- **Arrowcroft Group PLC**

The planning and design for the refurbishment of the Lower Precinct in Coventry's City Centre.
The masterplanning and design of a new commerce park at Wharfside in Trafford Park, Manchester.

- **Hanover Property Unit Trust**

The design of a new office for Hanover Property Unit Trust at Bedfont Lakes, Heathrow for Rutland Management Limited.

- **London Underground Limited**

Upgrading and improving a number of existing stations on the Northern and District lines.

- **Metrum**

Master plan for business and industrial park near Arnhem in the Netherlands.

- **Northern Rock Building Society**

The fitting out of the interior of an office building in Sunderland.

- **Procter & Gamble**

The masterplanning of the Procter & Gamble site at Egham, Surrey.

- **Sandoz Pharmaceuticals**

The design of a major extension to existing offices at Frimley in Surrey.

- **Slough Estates PLC**

The design of a new office building at Ascot in Berkshire.

- **Sun Alliance Group Properties**

The planning and design of a further development phase at Aztec West, Bristol.

- **Tesco Stores Limited**

The planning and design of a new retail store in East Anglia.

- **Wilma Vastgoed/Johan Matser**

Masterplan for a large residential community on the old horse track racing site in Hilversum in the Netherlands.

In last year's annual report reference was made to the Board fully supporting the recommendations of the Cadbury Committee on corporate governance and reference was made to Non-Executive Directors. After further consideration and having regard to recent comments from other similar sized companies, we intend to continue in the coming year with one Non-Executive Director, although the matter will be kept under review.

Michael Aukett has agreed with the Board, in the light of the encouraging results for this period, to step down as Chief Executive and he is therefore resigning as a director with immediate effect. This is in order to follow a desire to operate his own private practice outside the public arena. I am pleased to report that Andrew Lett has been appointed Managing Director. Andrew joined the business in 1976 and has been a member of the Board since the Company's flotation in 1988.

It is difficult to forecast when the conditions affecting the property and construction industries will improve substantially, although the Board is confident that the Company is well equipped to cope with the changing requirements and challenges that lie ahead.

On behalf of the Board I would once again like to thank all of our shareholders and clients for their continuing support and our employees for their loyalty and dedication.

Gerry Dolghton
Chairman

Directors' report

For the year ended 30 September 1994

The directors submit their report and the audited financial statements for the year ended 30 September 1994

Principal activities

The Group provides integrated design and management services comprising principally architecture, planning and urban design, environmental engineering, structural engineering, interior design and graphic design.

A review of the Group's business and activities during the year and future developments are contained in the Chairman's statement.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 12. During the year no interim dividend was paid and the directors do not recommend the payment of a final dividend. The balance transferred to reserves amounted to £247,000.

Section 142 Companies Act 1985

The financial position of the Company is such that its net assets continue to be less than half of its called up share capital. However the situation has steadily improved since first being reported at the Extraordinary General Meeting held on 12 February 1993. This matter will remain under review, but it is not intended to convene a further meeting under Section 142 of the Companies Act 1985.

Close company status

In the opinion of the directors the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Fixed assets

Changes in tangible fixed assets are set out in note 12 to the financial statements.

Employees

The Group constantly seeks to keep its employees informed on all aspects of the business affecting them through the operation of structured management meetings and in-house publications.

It is the Group's policy to give fair consideration to application for employment by disabled persons wherever practicable and, where existing employees become disabled, every effort is made to find or create suitable positions for them.

Directors

The directors who served during the year together with their beneficial and family interests in the shares of the Company were as follows

	30 September 1994 Ordinary 5p shares	30 September 1993 Ordinary 5p shares
M C Aukett (resigned 7 December 1994)	2,415,929	2,465,929
G K T Deighton	1,387,990	1,387,990
A A Lett	473,049	473,049
J W Thake	363,199	393,199
G C Harwood	473,049	473,049
A B Brooker	5,000	5,000
R H Warner	120,589	120,589

There have been no changes in the above directors' interests since 30 September 1994. Directors' interests in share options granted over the shares of the Company are set out in note 20 to the financial statements

In accordance with the articles of association Mr Brooker, who is a non-executive director of the Company, retires by rotation and, being eligible, offers himself for re-election. From 1980 until 1987 he was chairman and chief executive of Extel Group Plc and is currently a director of a number of other public companies. He does not have a service agreement with the Company but his appointment is recorded in writing.

The interests of directors in contracts with the Company or its subsidiaries are shown in note 26 to the financial statements.

Directors' liability insurance

During the year the Company maintained directors' and officers' liability insurance in respect of the directors of the Company.

Share capital

The Board is seeking from shareholders at the Annual General Meeting renewal of its authorities to allot up to 4,548,648 ordinary shares (the aggregate nominal amount of which represents approximately 33% of the present issued share capital) and to allot up to 682,297 ordinary shares in aggregate for cash (the nominal amount of which is £34,115, representing 5% of the present issued share capital) without first offering such shares to shareholders.

The directors have no present intention of exercising the former authority.

The directors consider the latter authority desirable as it will give them the flexibility to make small issues of ordinary shares for cash as suitable opportunities arise without the necessity of first seeking shareholders' approval.

The renewed authorities will expire at the conclusion of the next Annual General Meeting of the Company when it is intended that the directors will seek for them to be renewed.

Substantial shareholdings

As at 7 December 1994 the Company had been notified of the following substantial shareholdings

	Ordinary 5p shares	Percentage of ordinary share capital
Mars UK Pension Fund	682,250	5.00
Postel Investment Management Limited	1,470,000	10.77
L I Ross	473,049	3.47

Apart from these substantial shareholdings and those of the directors shown above, the directors are not aware of any interest of 3% or more in the share capital of the Company.

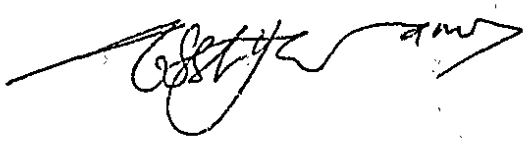
Political and charitable contributions

No political contributions were made during the year. Charitable contributions made during the year amounted to £1,336 (1993: £309).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



R H Warner

Secretary

7 December 1994

Directors' statement on corporate governance

The directors consider that the Company complies with the Code of Best Practice established by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) with the following exceptions:

a) these paragraphs of the Code for which the necessary guidance for compliance is not yet available.

b) the requirement for three non-executive directors. There is currently one non-executive director. This means that the Company cannot comply with the requirement for an audit committee of at least three non-executive directors (paragraph 4.3) nor can it form a remuneration committee of the type envisaged by the Code (paragraph 3.3).

The Company's policy for the future is explained in the Chairman's statement. The statement of directors' responsibilities for preparing the financial statements is set out on the following page.

Report of the auditors, KPMG Peat Marwick

To the members of Aukett Associates PLC

In addition to our audit of the financial statements we have reviewed the directors' statement above concerning the Company's compliance with the Code of Best Practice, insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin 'Disclosures relating to corporate governance' issued by the Auditing Practices Board.

The purpose of the directors' statement is to give readers information which assists them in forming their own views regarding the governance of the Company. In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspects of the Company's non-compliance with the Code which the directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the Company's governance procedures.

Through enquiry of certain directors and officers of the Company, and examination of relevant documents, we have satisfied ourselves that the directors' statement appropriately reflects the Company's compliance with the specified paragraphs of the Code.

KPMG Peat Marwick

Chartered Accountants

Registered Auditors

London

7 December 1994

Directors' responsibilities in respect of the preparation of financial statements

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the following page, is made for the purpose of clarifying for shareholders the respective responsibilities of the directors and the auditors in the preparation of the accounts.

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 Group and of the profit or loss for that period. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Report of the auditors, KPMG Peat Marwick

To the members of Aukett Associates PLC

We have audited the financial statements on pages 12 to 33.

Respective responsibilities of directors and auditors

As described above 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 Group'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.

In forming our opinion, we have considered the basis of preparation of the financial statements. The financial statements have been prepared on a going concern basis. As referred to in note 1(a) on page 17, the Group has recently renewed the facilities with its bankers for a further 12 months. In the event of unforeseen adverse trading circumstances, it is probable that the Group would need to renegotiate its banking facilities. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants

Registered Auditors

London

7 December 1994

Consolidated profit and loss account

For the year ended 30 September 1994

	Notes	1994 £000	1993 £000
Turnover	2		
Continuing operations		6,706	6,498
Discontinued operation		–	402
		6,706	6,900
Movement in amounts recoverable on contracts		375	(184)
Work done		7,081	6,716
Operating profit	3		
Continuing operations		541	63
Discontinued operation		–	72
		541	135
Loss on disposal of discontinued operation		–	(2,062)
Share of results from associated undertakings		(13)	(39)
Interest receivable and similar income	4	2	–
Interest payable	5	(213)	(288)
Profit/(loss) on ordinary activities before taxation	6	317	(2,254)
Taxation on profit/(loss) on ordinary activities	9	(70)	(41)
Profit/(loss) attributable to shareholders		247	(2,295)
Dividends	10	–	–
Retained profit/(loss) for the year	21	247	(2,295)
Earnings/(loss) per share	11	1.81p	(16.82)p
Headline earnings/(loss) per share	11	1.81p	(1.71)p

There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses

	1994 £000	1993 £000
Retained profit/(loss) for the year	247	(2,295)
Exchange differences on translation of foreign currency investments	–	(18)
Total recognised gains/(losses) for the year	247	(2,313)

Reconciliation of movements in shareholders' funds

	1994		1993	
	Group £000	Company £000	Group £000	Company £000
Shareholders' funds at 1 October 1993	(547)	46	(675)	888
Profit/(loss) attributable to shareholders	247	–	(2,295)	(842)
Other net recognised gains/(losses) for the year (see above)	–	–	(18)	–
Goodwill transferred to profit and loss account in respect of disposal of subsidiary	–	–	2,441	–
Shareholders' funds at 30 September 1994	(300)	46	(547)	46

Consolidated balance sheet

At 30 September 1994

	Notes	1994 £000	1994 £000	1993 £000	1993 £000
Fixed assets					
Tangible assets	12		738		895
Investments	13		48		47
			786		942
Current assets					
Debtors	14	2,383		2,357	
Cash at bank and in hand		9		4	
		2,392		2,361	
Creditors: amounts falling due within one year	16	(1,840)		(3,004)	
Net current assets/(liabilities)			552		(643)
Total assets less current liabilities			1,338		299
Creditors: amounts falling due after one year	17		(1,616)		(839)
Provisions for liabilities and charges	18		(22)		(7)
Net liabilities	19		(300)		(547)
Capital and reserves					
Called up share capital	20		682		682
Share premium account	21		775		775
Profit and loss account	21		(1,757)		(2,004)
Shareholders' funds			(300)		(547)

The notes on pages 17 to 33 form part of these financial statements.

Approved by the Board on 7 December 1994

Gerald K. Deighton.

G K T Deighton

R H Warner

Directors

Balance sheet

At 30 September 1994

	Notes	1994 £000	1993 £000
Fixed assets			
Investments	13	46	46
Net assets		46	46
Capital and reserves			
Called up share capital	20	682	682
Share premium account	21	775	775
Profit and loss account	21	(1,411)	(1,411)
Shareholders' funds		46	46

The notes on pages 17 to 33 form part of these financial statements.

Approved by the Board on 7 December 1994

Gerald K Deighton.

G K T Deighton

R H Warner

Directors

Consolidated cash flow statement

For the year ended 30 September 1994

	Notes	1994 £000	1994 £000	1993 £000	1993 £000
Net cash flow from operating activities	23		636		(518)
Returns on investments and servicing of finance					
Interest received		2		–	
Interest paid		(198)		(286)	
Hire purchase interest		(8)		(10)	
Movement in foreign exchange reserve		–		(18)	
Net cash outflow from returns on investments and servicing of finance			(204)		(314)
Taxation					
UK corporation tax received			–		738
Investing activities					
Purchase of tangible fixed assets		(62)		(151)	
Purchase of fixed asset investments		–		(76)	
Additional deferred consideration		–		(7)	
Sale of tangible fixed assets		43		44	
Sale of subsidiary		–		972	
Net cash (outflow)/inflow from investing activities			(19)		782
Net cash inflow before financing			413		688
Financing					
New secured loan	24	1,000		–	
Reclassification of loan as current liability	24	(190)		(190)	
New capital leases	24	–		71	
Principal payments under hire purchase commitments	24	(44)		(47)	
Net cash inflow/(outflow) from financing			766		(166)
Increase in cash and cash equivalents	25		1,179		522

1 Accounting policies

The principal accounting policies which have been applied consistently in the preparation of these financial statements are:

(a) Basis of preparation

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

The Group has recently renewed the facilities with its bankers for a further 12 months. The directors have fully considered the trading projections for the current year and, based on information currently available, are satisfied that the Group will be able to operate within these facilities. However it is recognised that in the event of unforeseen adverse trading conditions, it is probable that the Group would need to renegotiate its banking facilities.

(b) Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and all its subsidiary companies. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal respectively. The consolidated profit and loss account also includes the Group's share of the results of all associated undertakings as defined by the Companies Act 1985.

(c) Goodwill

On the acquisition of subsidiaries, businesses and associated undertakings, fair values are attributed to the Group's share of the net tangible assets acquired. Where the cost of acquiring such net tangible assets exceeds the values attributed to them, the resultant difference is treated as goodwill and written off to reserves in the year it arises. On disposal of subsidiaries where goodwill has previously been written off, it is reinstated by crediting reserves and any profit or loss on disposal is then included in the consolidated profit and loss account.

(d) Foreign currency

Profit and loss accounts of overseas subsidiaries and associated undertakings are translated into sterling at average rates for the year or relevant period since acquisition. Exchange gains and losses arising in the ordinary course of business are dealt with through the profit and loss account.

Assets and liabilities denominated in foreign currencies and the balance sheets of overseas subsidiaries are translated into sterling at the rates of exchange prevailing at the balance sheet date.

Exchange differences arising in the consolidated accounts on the retranslation at closing rates of the Group's net investments in overseas subsidiary companies are recorded as a movement on reserves and are reported in the statement of total recognised gains and losses.

(e) Turnover and work done

Work done represents turnover (being fees invoiced in the ordinary course of business, excluding value added tax), adjusted for movements in the level of amounts recoverable on contracts. Amounts recoverable on contracts are stated at cost plus attributable profits on long term contracts less provision for estimated losses and on short term contracts at the lower of cost and net realisable value. Cost includes direct staff costs and outlays together with a proportion of attributable overheads. Attributable profits on long term fixed price contracts are recognised on the percentage of completion method based on the proportion of costs incurred to the total estimated costs. Fees rendered on account are deducted from amounts recoverable on contracts and, to the extent that they exceed the value of work done, are included in creditors as payments on account.

(f) Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets over their expected useful lives using the following methods and rates:

	Rate	Method
Leasehold land and buildings	Over unexpired term of lease	Straight line
Furniture and equipment:		
Furniture and fittings	10% p.a.	Straight line
Computer equipment	20% p.a.	Straight line
Motor vehicles	25% p.a.	Reducing balance

(g) Leased assets

Fixed assets acquired under hire purchase agreements are capitalised and depreciated in accordance with the depreciation policy. Obligations under such agreements are included in creditors, net of finance charges allocated to future years. Finance charges are charged to the profit and loss account so that the annual rate of charge on the outstanding obligation is approximately constant. The costs of operating leases are charged to the profit and loss account as they accrue.

(h) Deferred taxation

Provision is made for deferred taxation using the liability method to account for timing differences between the incidence of expenditure for taxation and accounting purposes to the extent that it is probable that a liability to taxation will crystallise in the foreseeable future.

(i) Pensions

The Group operates defined contribution schemes funded by the Group and employees. The schemes' funds are administered by trustees independently of the Group's finances and contributions are charged against the profits of the period in which they become payable.

2 Turnover and work done

An analysis of turnover by geographical area of destination is as follows

	1994 £000	1993 £000
United Kingdom	5,272	5,790
Rest of Europe	1,434	1,090
South East Asia	–	20
	6,706	6,900

Operations, other than associated undertakings, which are based outside the UK, are not material to the Group, as the majority of non-UK income is still resourced from the London offices.

Graphical representations of analyses of work done by business sector and client type are shown on page 3.

All the Group's activities fall within a single segment as detailed in the directors' report on page 6.

3 Operating profit

	1994 Total	1993 Continuing operations	1993 Discontinued operation	1993 Total
	£000	£000	£000	£000
Work done	7,081	6,180	536	6,716
Staff costs (see note 8)	(3,543)	(3,473)	(318)	(3,791)
Depreciation (see note 12)	(196)	(247)	(11)	(258)
Other operating charges	(2,801)	(2,397)	(135)	(2,532)
Operating profit	541	63	72	135

All operating profit in 1994 derives from continuing operations.

4 Other interest receivable and similar income

	1994 £000	1993 £000
Other interest receivable	2	–
	2	–

5 Interest payable

	1994 £000	1993 £000
Interest on bank overdrafts and other borrowings		
wholly repayable within five years	119	278
repayable wholly or partly in more than five years	86	–
Interest payable under hire purchase agreements	8	10
Other interest payable and similar charges	1	–
	213	288

6 Profit/(loss) on ordinary activities before taxation

An analysis of profit/(loss) on ordinary activities before taxation by geographical area is as follows:

	1994			1993		
	Group undertakings £000	Associated undertakings £000	Total £000	Group undertakings £000	Associated undertakings £000	Total £000
United Kingdom	330	–	330	(2,381)	(30)	(2,411)
Rest of Europe	–	(13)	(13)	166	(9)	157
	330	(13)	317	(2,215)	(39)	(2,254)

The above analysis includes the loss on disposal of a discontinued operation in the United Kingdom amounting to £Nil (1993: £2,062,000).

	1994 £000	1993 £000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Profit on disposal of fixed assets	(20)	(3)
Operating lease rentals:		
hire of plant and equipment	389	458
other	321	343
Auditors' remuneration for audit services	32	33
Rent receivable	3	–

Remuneration of the Company's auditors for provision of non-audit services to the Group amounted to £7,000 (1993: £71,000) and was in respect of taxation compliance and other advisory matters.

7 Directors' emoluments

	1994 £000	1993 £000
Salaries, allowances and benefits	551	553
Repayment of salary waived in respect of a previous year	34	–
Pension contributions	69	16
	654	569

The above emoluments included amounts paid to the Chairman and highest paid director as follows:

	1994		1993	
	Chairman	Highest paid director	Chairman	Highest paid director
	£000	£000	£000	£000
Salaries, allowances and benefits	110	153	106	143
Repayment of salary waived in respect of a previous year	7	9	–	–
Pension contributions	16	19	2	3
	133	181	108	146

None of the emoluments were performance related.

The number of directors whose emoluments, excluding pension contributions, were within the ranges:

£10,001 – £15,000	–	1
£15,001 – £20,000	1	–
£25,001 – £30,000	–	1
£55,001 – £60,000	–	1
£60,001 – £65,000	–	1
£65,001 – £70,000	2	1
£70,001 – £75,000	–	1
£75,001 – £80,000	2	–
£105,001 – £110,000	–	1
£115,001 – £120,000	1	–
£140,001 – £145,000	–	1
£160,001 – £165,000	1	–

Notes to the financial statements

For the year ended 30 September 1994

8 Employees

The average number of persons employed by the Group during the year, including directors, was as follows:

	1994	1993
Professional	66	79
Administrative	31	42
	97	121

The costs of employing the above staff were as follows:

	1994 £000	1993 £000
Wages and salaries	3,020	3,337
Social security costs	303	319
Other pension costs	220	135
	3,543	3,791

9 Taxation on profit/(loss) on ordinary activities

	1994 £000	1993 £000
UK corporation tax at 33% based on the profit for the year (1993: 33% on the loss)	52	(11)
Adjustment in respect of previous year	3	51
Deferred taxation	15	(7)
Associated undertakings	–	8
	70	41

The tax charge for 1994 has been reduced by the utilisation of £95,000 of advance corporation tax relief.

10 Dividends

No dividends were paid or are proposed in respect of the year ended 30 September 1994 (1993 £Nil)

11 Earnings/(loss) per share

The earnings per share is calculated on the profit attributable to shareholders of £247,000 for the year ended 30 September 1994 (1993, loss of £2,295,000) and on 13,046,946 (1993: 13,046,946) ordinary shares, being the number of shares in issue during the year.

The headline earnings per share has been calculated in accordance with Statement of Investment Practice No.1 issued by the Institute of Investment Management and Research. This alternative basis of calculation is intended to provide a fairer and more consistent measure of the results of the Group by eliminating certain exceptional items arising during the year which are not expected to recur frequently. A reconciliation between the two calculations of earnings/(loss) per share is as follows:

	1994 p	1993 p
Earnings/(loss) per share	**1.81**	(16.82)
Adjustment:		
Loss on disposal of discontinued operation	—	15.11
Headline earnings/(loss) per share	**1.81**	(1.71)

The potential dilution arising from options granted under the executive share option schemes is not material.

Notes to the financial statements

For the year ended 30 September 1994

12 Tangible fixed assets

Details of the tangible fixed assets of the Group are as follows:

	Short leasehold land & buildings £000	Furniture & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 October 1993	65	1,935	162	2,162
Additions	–	62	–	62
Disposals	–	(259)	(72)	(331)
At 30 September 1994	**65**	**1,738**	**90**	**1,893**
Depreciation				
At 1 October 1993	11	1,196	60	1,267
Charge for the year	3	169	24	196
Eliminated on disposal	–	(248)	(60)	(308)
At 30 September 1994	**14**	**1,117**	**24**	**1,155**
Net book value				
At 30 September 1994	**51**	**621**	**66**	**738**
At 30 September 1993	54	739	102	895

The net book value of fixed assets held under hire purchase agreements at 30 September 1994 amounted to £138,000 (1993: £183,000). The depreciation charge for the year includes £36,000 (1993: £27,000) in respect of fixed assets held under hire purchase agreements.

The opening balances of short leasehold land and buildings, both cost and accumulated depreciation, have been adjusted downwards by £270,000 relating to a fully depreciated asset disposed of in September 1992. The net book value of assets is not affected by this adjustment either at 30 September 1993 or 1994.

13 Fixed asset investments

	Group £000	Company £000
Associated undertakings		
At 1 October 1993	47	46
Share of retained loss (see note 21)	(13)	–
Write back of provision	14	–
At 30 September 1994	**48**	**46**

The above investments comprise the following companies:

Name	Nature of business	Proportion of shares held
Aukett Limited (registered in England and Wales)	Design consultancy in the United Kingdom	100%
Aukett SA (incorporated in Switzerland)	Design consultancy in Europe	50%
Aukett Fleese GmbH (incorporated in Germany)	Design consultancy in Germany	50%
Aukett Fleese Beltman bv (incorporated in the Netherlands)	Design consultancy in the Netherlands	50%
Albert Bridge Limited (registered in England and Wales)	Property development in the United Kingdom	50%

Shareholdings in all the above investments are held by the Company with the exception of Albert Bridge Limited where the holding is by Aukett Limited.

14 Debtors

	1994 Group £000	1993 Group £000
Amounts recoverable on contracts (note 15)	682	332
Trade debtors	894	1,429
Amounts owed by associated undertakings	537	264
Corporation tax	11	11
Other debtors	10	47
Prepayments and accrued income	249	274
	2,383	2,357

Notes to the financial statements

For the year ended 30 September 1994

15 Amounts recoverable on contracts

Amounts recoverable on contracts, included in debtors, and payments on account included in creditors, comprise

	1994		1993	
	Amounts recoverable on contracts £000	Payments on account £000	Amounts recoverable on contracts £000	Payments on account £000
Value of work done	6,561	1,953	7,886	6,257
Recovered/tendered on account	(5,879)	(2,035)	(7,554)	(6,364)
	682	(82)	332	(107)

16 Creditors: amounts due within one year

	1994 Group £000	1993 Group £000
Bank loans and overdrafts (see below)	721	1,895
Trade creditors	455	402
Payments on account (note 15)	82	107
Amounts owed to associated undertakings	5	31
Corporation tax	52	—
Other taxes and social security	267	349
Hire purchase commitments	34	45
Other creditors and accruals	224	175
	1,840	3,004

Trade creditors for the Group include outstanding contributions payable to the Company's pension schemes totalling £17,000 (1993: £2,000).

Included within bank loans and overdrafts is an amount of £190,000 (1993: £190,000), representing the next instalment payable on the loan from 3i Group plc (see note 17) which is due on 30 September 1995.

Lloyds Bank Plc holds a debenture over all the present and future assets of Aukett Limited in order to secure borrowings under bank overdraft facilities granted.

17 Creditors: amounts due after one year

	1994 Group £000	1993 Group £000
Secured loans (see below)		
Wholly repayable within one and two years	190	190
Repayable by instalments within two and five years	490	580
Wholly repayable after more than five years	900	–
Hire purchase commitments due within one and two years	30	33
Hire purchase commitments due within two and five years	6	36
	1,616	839

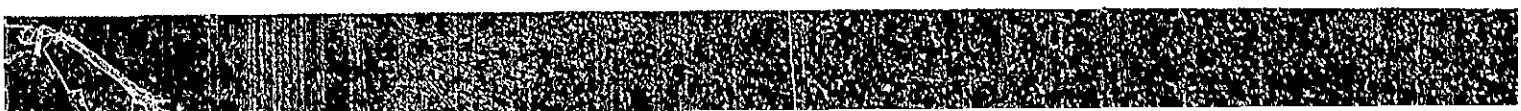
3i Group plc holds a debenture over all the present and future assets of Aukett Limited in order to secure a loan of £770,000 (1993: £960,000) which is repayable within five years. In addition that loan is secured on the assets of Albert Bridge Limited, an associated undertaking, and is guaranteed by the Company. Interest was charged during the year at an annual rate equal to 2.5% above the higher of 7% and LIBOR.

On 3 November 1993 a new medium term loan of £1,000,000 was negotiated with Lloyds Bank Plc, secured under the debenture referred to in note 16 above. The funds have been used to reduce the bank overdraft. The loan is repayable in ten equal biannual instalments after 30 September 1998 and bears interest at the fixed annual rate of 9.2725%.

18 Provisions for liabilities and charges

	1994 Group £000	1993 Group £000
Deferred tax		
Balance at 1 October 1993	7	14
Charged to profit and loss account	15	–
Released to profit and loss account	–	(7)
Balance at 30 September 1994	22	7
Represented by:		
Deferred taxation on accelerated capital allowances	56	95
Advance corporation tax recoverable	(34)	(45)
Corporation tax losses carried forward	–	(43)
	22	7

Provision has been made for the full potential liability for deferred taxation.



Notes to the financial statements

For the year ended 30 September 1994

19 Net liabilities

The net liabilities of the Group were entirely contained within the United Kingdom.

20 Called up share capital

	1994 £	1993 £
18,900,000 authorised ordinary shares of 5p each	945,000	945,000
13,645,946 allotted, called up and fully paid ordinary shares of 5p each	682,297	682,297

Under the Company's executive share option schemes options over ordinary 5p shares have been granted, and have not lapsed or been surrendered, to certain employees under the following terms:

Number of shares	Exercise price	Earliest exercisable date	Date of expiry
517,500	8p	15 December 1996	14 December 2003
517,500	8p	15 December 1998	14 December 2003

The above options include the following which have been granted to directors:

Director	Number of options			
	At 1 October 1993	Granted during year	At 30 September 1994	Earliest exercisable date
M C Aukett	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998
G K T Deighton	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998
A A Lett	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998
J W Thake	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998
G C Harwood	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998
R H Warner	—	20,000	20,000	15 December 1996
	—	20,000	20,000	15 December 1998

No options to directors lapsed or were exercised during the year. The mid-market price of the shares at 30 September 1994 was 22.5p and the range during the year was 8p to 37.5p.

21 Reserves

Group

	Share premium account £000	Profit and loss account £000
At 1 October 1993	775	(2,004)
Retained profit for the year	–	247
At 30 September 1994	**775**	**(1,757)**

Included within the balance on the profit and loss account at 30 September 1994 is £36,000 in respect of the post acquisition accumulated losses of the associated undertakings as shown below. Distribution of these reserves may be subject to overseas withholding tax.

	Albert Bridge Limited £000	Aukett+ Haese GmbH £000	Aukett-Kokon Beltman bv £000	Aukett SA £000	Total £000
At 1 October 1993	–	10	(7)	(26)	(23)
Share of retained profit/(loss) for the year	–	1	(2)	(12)	(13)
At 30 September 1994	**–**	**11**	**(9)**	**(38)**	**(36)**

Company

	Share premium account £000	Profit and loss account £000
At 1 October 1993	775	(1,411)
At 30 September 1994	**775**	**(1,411)**

In accordance with the provisions of section 230 of the Companies Act 1985 a separate profit and loss account for the Company is not presented. The profit for the year dealt with in the profit and loss account of the Company amounted to £Nil (1993: £842,000 – loss).

32 Commitments

At 30 September 1994 the Group had the following commitments under operating leases as follows:

	1994		1993	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	–	57	–	51
Expiring within two and five years	–	487	–	495
Expiring after five years	321	–	321	–
	321	544	321	546

Save as outlined above the Group had no other capital commitments at 30 September 1994 (1993: £Nil)

23 Net cashflow from operating activities

	1994 £000	1993 £000
Continuing operations		
Operating profit	541	63
Depreciation of tangible fixed assets	196	247
Profit on sale of tangible fixed assets	(20)	(8)
Loss on sale of fixed asset investments	–	10
Write back of provision against investment	(14)	–
Decrease in debtors	247	18
Increase in amounts owed by associated undertakings	(302)	(298)
Increase/(decrease) in trade creditors	53	(133)
Decrease in payments on account	(25)	(28)
(Decrease)/increase in other taxation and social security	(82)	77
Increase/(decrease) in other creditors and accruals	42	(435)
Net cashflow from continuing operating activities	636	(487)
Discontinued operation		
Operating profit	–	72
Depreciation of tangible fixed assets	–	11
Loss on sale of tangible fixed assets	–	5
Increase in debtors	–	(143)
Increase in creditors	–	24
Net cashflow from discontinued operating activities	–	(31)
Net cashflow from operating activities	636	(518)

Notes to the financial statements

For the year ended 30 September 1994

24 Analysis of changes in financing during the year

	Share capital and share premium £000	Loans due after one year £000	Hire purchase £000	Total £000
At 1 October 1993	1,457	770	114	2,341
New medium term secured loan	–	1,000	–	1,000
Reclassification as current liability	–	(190)	–	(190)
Principal payments	–	–	(44)	(44)
At 30 September 1994	**1,457**	**1,580**	**70**	**3,107**

25 Analysis of changes in cash and cash equivalents during the year

	Cash at bank and in hand £000	Bank loans and overdrafts £000	Total £000
At 1 October 1993	4	(1,895)	(1,891)
At 30 September 1994	9	(721)	(712)
Net cash inflow	**5**	**1,174**	**1,179**

26. Transactions with directors

The following contracts with directors have been entered into by the Company and its subsidiary

(a) Two leases dated 25 February 1988 each made between (1) M C Aukett, G K T Deighton and a former director ('the lessors'), (2) Aukett Limited and (3) the Company, whereby the lessors granted to Aukett Limited for no premium, leasehold interests of 25 years each in premises at 13 and 17 Chelsea Embankment, London SW3 4LA in connection with which the Company acts as surety The annual rent payable under the two leases amounts to £135,000 and £180,000 respectively with rent reviews at five yearly intervals in each case. On 7 December 1993 the lessors disposed of their freehold interest in 17 Chelsea Embankment to an unconnected third party.

(b) Deed of Variation to lease of 17 Chelsea Embankment. On 7 December 1993 the Company and Aukett Limited entered into a Deed of Variation with M C Aukett, G K T Deighton and a former director, whereby some of the terms of Aukett Limited's lease of 17 Chelsea Embankment were altered The Company and Aukett Limited received independent advice on this matter that none of the variations rendered the terms of the lease materially more onerous.

(c) A loan of £3,000 was made to M C Aukett during the financial year relating to the purchase of a company car. This amount remained outstanding at 30 September 1994 and is to be repaid by 31 December 1994.

(d) M C Aukett resigned as a director of the Company and all Group companies on 7 December 1994. It was agreed that his employment would be terminated from 21 December 1994. A severance payment of £143,500 (before deduction of income tax), payable in instalments from 31 December 1994 to 30 November 1995, together with a pension contribution of £45,285 to be made on or before 30 November 1995 and a contribution to legal costs of £2,500 have been agreed. The above costs will be dealt with in the accounts to 30 September 1995.

Notice of meeting

This document is important and requires your immediate attention. If you are in any doubt what action to take you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares, please send this Annual Report to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of the Company will be held at 13 Chelsea Embankment, London SW3 4LA on Monday, 20 February 1995 at 12 noon for the following purposes:

1 To receive and adopt the report and accounts for the year ended 30 September 1994.

2 To elect as a director A B Brocker who retires by rotation.

3 To re-appoint KPMG Peat Marwick as auditors of the Company and to authorise the directors to fix their remuneration.

4 To propose as special business the following ordinary resolution:

That the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the 'Act') to exercise all powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £227,432.40 to such persons and upon such conditions as the directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

5 To propose as special business the following special resolution:

That the directors be and are empowered pursuant to Section 95 of the Companies Act 1985 (the 'Act') to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred by resolution 4 above as if section 89 (1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue and so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or requirements of any recognised regulatory authority or stock exchange in any country, and

(b) the allotment (other than within the authority conferred in sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £34,115;

and shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

By order of the Board

R H Warner
Secretary
13 Chelsea Embankment
London SW3 4LA
6 January 1995

Notes

1 A member entitled to attend and vote at the meeting may appoint another person, whether a member or not, as his proxy to attend and to vote instead of him. A form of proxy is enclosed for this purpose and to be valid must be lodged with the Company's registrars, together with any power of attorney or other authority under which it is signed, not less than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not preclude a member from attending and voting at the meeting.

2 The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the date of the meeting and at the place of the Annual General Meeting from 15 minutes prior to the meeting until its conclusion:

(a) A register of the transactions of each director and of his family interests in the share capital of the Company and its subsidiaries.

(b) Copies of the directors' service contracts with the Company other than where they expire, or are determinable by the Company without compensation, within one year.

Financial calendar

Annual General Meeting

20 February 1995

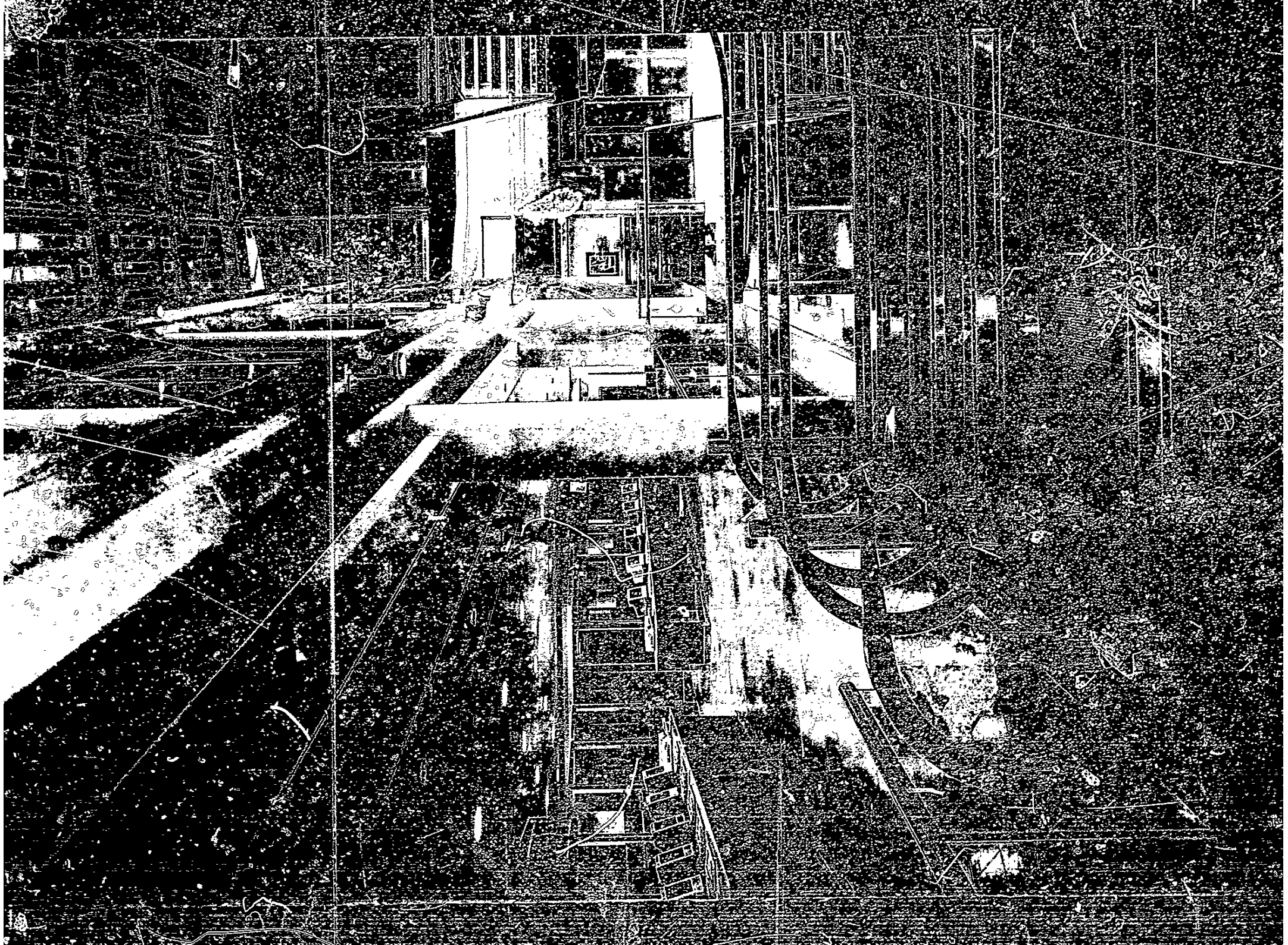
Results announcements

Announcement of the results
for the six months ending 31 March 1995
June 1995

Preliminary announcement of the results
for the year ending 30 September 1995
December 1995

Inside cover

BA Compass Centre, Heathrow.

Photography: Chris Gascoigne

Architects Nicholas Grimshaw
& Partners