

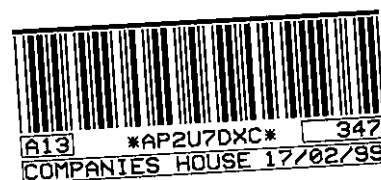
REGISTRAR OF COMPANIES

Sir Norman Foster and Partners Limited

Consolidated Accounts

Year ended 30 April 1998

Company Registration No. 1644989 (England and Wales)



Sir Norman Foster and Partners Limited

Company Information

Directors

Sir Norman Foster, OM
S Behling
B J Cooke
S T de Grey
B Haw
P Kalkhoven
D A Miller
D B Nelson
R P Partington
G D Phillips
K O Shuttleworth
J D Silver
M Sutcliffe
G Brooker

Secretary

B J Cooke

Company number

1644989

Registered office

Riverside Three
22 Hester Road
London
SW11 4AN

Auditors

Moores Rowland
Cliffords Inn, Fetter Lane
London
EC4A 1AS

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Abstract

Sir Norman Foster and Partners Limited

Directors' Report Year ended 30 April 1998

The directors present their report and accounts for the year ended 30 April 1998.

Directors

The following directors have held office since 1 May 1997:

Sir Norman Foster, OM
S Behling
B J Cooke
S T de Grey
B Haw
P Kalkhoven
D A Miller
D B Nelson
R P Partington
G D Phillips
K O Shuttleworth
J D Silver
M Sutcliffe
G Brooker

(Appointed 1 August 1997)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 group and company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of the business

The principal activity of the company continued to be that of architects. The company has subsidiaries trading in Japan, Singapore and Hong Kong and branches in France and Germany.

The level of trading has been in line with projections and future prospects remain good.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

It is proposed that the retained profit of £1,841,191 is transferred to the group's reserves.

Year 2000 compliance

Many computer systems which express dates only using the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to those of our customers and suppliers.

Sir Norman Foster and Partners Limited

Directors' Report **Year ended 30 April 1998**

Year 2000 compliance (continued)

The company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks, and action plans have been developed to address these in advance of the critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail.

The company has requested from major suppliers, customers and other trading partners with whom information is exchanged electronically, confirmation that their relevant systems are Year 2000 compliant.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue. External costs to address the issue are not expected to exceed £200,000. Of the total amount £150,000 is expenditure on replacing systems which had already been planned.

Directors' interests

Directors interests are set out in note 8 to the accounts.

Charitable contributions

During the year the company made charitable donations of £10,249 (1997 £13,993).

Employee involvement

The group remains committed to creating an environment which will attract, retain and motivate employees of high calibre, taking into account the specific requirements of the businesses operated by Sir Norman Foster and Partners Limited.

The Group's commitment to training and development is endorsed in the form of a Performance and Development Review Scheme, which forms part of the on going process of people management.

Employees are regularly communicated with and consulted by means of established communication channels such as team briefings and electronic mail.

The group has a firm policy of non-discrimination on grounds of sex, race or disability.


Disabled persons

Employees who become disabled during their working life will be retained in employment wherever possible.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board



B J Cooke

Secretary

12.2.99

Sir Norman Foster and Partners Limited

Auditors' Report

To the Shareholders of Sir Norman Foster and Partners Limited

We have audited the accounts on pages 4 to 20.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and the group's affairs as at 30 April 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moores Rowland

Chartered Accountants
Registered Auditors

London

12 February 1998

Sir Norman Foster and Partners Limited

Profit and Loss Account Year ended 30 April 1998

		1998	1997
	Notes	£	£
Turnover	2	28,220,654	25,457,442
Change in stocks of finished goods and work in progress		(5,646)	(7,406)
		<u>28,215,008</u>	<u>25,450,036</u>
Other operating income		74,951	83,994
		<u>28,289,959</u>	<u>25,534,030</u>
Staff costs	6	16,734,792	14,672,989
Depreciation and amortisation		1,113,072	844,430
Other operating charges		7,676,345	7,918,195
		<u>25,524,209</u>	<u>23,435,614</u>
Operating profit	3	<u>2,765,750</u>	<u>2,098,416</u>
Other interest receivable and similar income	4	113,535	124,384
Interest payable and similar charges	5	(112,319)	(187,798)
		<u>2,766,966</u>	<u>2,035,002</u>
Profit on ordinary activities before taxation			
Tax on profit on ordinary activities	9	925,775	442,439
		<u>1,841,191</u>	<u>1,592,563</u>
Profit on ordinary activities after taxation	18		

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Sir Norman Foster and Partners Limited

Statement of Recognised Gains and Losses
Year ended 30 April 1998


	1998 £	1997 £
Profit for the financial year	1,841,191	1,592,563
Currency translation differences on foreign currency net investments	(300,906)	(479,113)
Total recognised gains and losses relating to the year	<u>1,540,285</u>	<u>1,113,450</u>

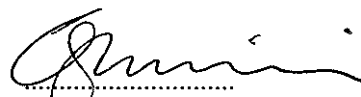
Sir Norman Foster and Partners Limited

Balance Sheets As at 30 April 1998

	Notes	1998 £	Group 1997 £	1998 £	Company 1997 £
Fixed assets					
Tangible assets	11	9,671,499	7,649,094	9,305,392	7,242,850
Investments	12	-	-	3,650,099	99
		<u>9,671,499</u>	<u>7,649,094</u>	<u>12,955,491</u>	<u>7,242,949</u>
Current assets					
Stocks	13	10,148	15,794	10,148	15,794
Debtors	14	13,276,367	9,717,468	9,081,790	4,692,601
Cash at bank and in hand		1,977,953	1,981,107	1,570,851	1,741,594
		<u>15,264,468</u>	<u>11,714,369</u>	<u>10,662,789</u>	<u>6,449,989</u>
Creditors: amounts falling due within one year	15	(17,331,002)	(13,801,272)	(25,431,185)	(16,561,899)
Net current liabilities		<u>(2,066,534)</u>	<u>(2,086,903)</u>	<u>(14,768,396)</u>	<u>(10,111,910)</u>
Total assets less current liabilities		<u>7,604,965</u>	<u>5,562,191</u>	<u>(1,812,905)</u>	<u>(2,868,961)</u>
Creditors: amounts falling due after more than one year	16	(1,784,523)	(1,282,034)	(1,784,523)	(1,254,351)
		<u>5,820,442</u>	<u>4,280,157</u>	<u>(3,597,428)</u>	<u>(4,123,312)</u>
Capital and reserves					
Called up share capital	17	41,347	41,347	41,347	41,347
Share premium account	18	23,625	23,625	23,625	23,625
Other reserves	18	1,998	1,998	-	-
Profit and loss account	18	5,753,472	4,213,187	(3,662,400)	(4,188,284)
Shareholders' funds - equity interests	19	<u>5,820,442</u>	<u>4,280,157</u>	<u>(3,597,428)</u>	<u>(4,123,312)</u>

The consolidated accounts were approved by the board on 12 February 1998


D B Nelson
Director


G D Phillips
Director

Sir Norman Foster and Partners Limited

Consolidated Cash Flow Statement Year ended 30 April 1998

	1998 £	1997 £
Net cash inflow from operating activities	3,827,421	4,032,302
Returns on investments and servicing of finance		
Interest received	113,535	124,384
Interest paid	(102,516)	(176,969)
Interest element of finance lease rentals	(9,803)	(10,829)
Net cash inflow/(outflow) for returns on investments and servicing of finance	1,216	(63,414)
Taxation	(873,675)	(941,762)
Capital expenditure		
Payments to acquire tangible assets	(3,171,286)	(7,051,048)
Receipts from sales of tangible assets	30,512	-
Net cash outflow for capital expenditure	(3,140,774)	(7,051,048)
Net cash outflow before management of liquid resources and financing	(185,812)	(4,023,922)
Financing		
New long term bank loan	530,172	1,254,351
New short term bank loans	-	780,000
Capital element of hire purchase contracts	(46,608)	(59,494)
Net cash inflow from financing	483,564	1,974,857
Increase/(decrease) in cash in the year	297,752	(2,049,065)

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 30 April 1998. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	- over 50 years
Aircraft & motor vehicles	- over 4 to 8 years
Fixtures, fittings & equipment	- over 3 to 8 years

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stocks are stated at the lower of cost and net realisable value and represent books held for resale.

1.6 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Assets and liabilities of foreign subsidiary undertakings are translated into sterling at the year end rate and the results for the period are translated using the average exchange rate for the period. These consolidated differences on exchange are taken to reserves.

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

1.9 Deferred income

Where a contract undertaken by the Group is financed by way of grant, the total grant is treated as the turnover for the particular contract and credited to the profit and loss account progressively in line with the amount of work done. The amount by which grants at the balance sheet date exceed recorded turnover is shown in the balance sheet as deferred income.

1.10 Accounting for contracts

Turnover represents fees earned, excluding value added tax, on contracts and is recorded progressively in line with the amount of work done. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on contracts.

Payments on account in excess of recorded turnover are included in creditors as fees in advance.

Full provisions are made for any foreseeable losses. Those in excess of amounts recoverable on contracts are included within creditors.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	1998 £	1997 £
Geographical segment		
United Kingdom	13,474,828	10,024,000
Middle East	-	421,000
Far East	9,062,762	10,807,792
Continental Europe	5,240,654	3,601,000
Rest of the world	442,410	603,650
	<u>28,220,654</u>	<u>25,457,442</u>

3 Operating profit

	1998 £	1997 £
Operating profit is stated after charging:		
Depreciation of tangible assets	1,113,072	844,430
Write off of leasehold improvements	-	587,912
Operating lease rentals		
- Plant and machinery	51,395	122,024
- Other assets	134,482	138,723
Auditors' remuneration	34,161	34,475
Remuneration of auditors for non-audit work	94,064	106,450
	<u></u>	<u></u>

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	113,535	124,384
		<u> </u>	<u> </u>
5	Interest payable and similar charges	1998	1997
		£	£
	On bank loans and overdrafts	102,516	176,969
	Lease finance charges	9,803	10,829
		<u> </u>	<u> </u>
		112,319	187,798
		<u> </u>	<u> </u>
6	Employees		
	Number of employees		
	The average number of employees (including directors) during the year was:		
		1998	1997
		Number	Number
	Technical	332	299
	Administrative	124	111
		<u> </u>	<u> </u>
		456	410
		<u> </u>	<u> </u>
	Employment costs		
		£	£
	Wages and salaries	14,955,025	13,409,341
	Social security costs	1,176,998	909,263
	Other pension costs	602,769	354,385
		<u> </u>	<u> </u>
		16,734,792	14,672,989
		<u> </u>	<u> </u>

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

7 Directors' emoluments	1998 £	1997 £
Emoluments for qualifying services	2,543,259	1,895,618
Company pension contributions to money purchase schemes	259,350	199,464
	<u>2,802,609</u>	<u>2,095,082</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 14 (1997 - 10).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>672,000</u>	<u>618,953</u>
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8 Transactions with directors

The following directors had loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	1998	1997	in year
	£	£	£
Sir Norman Foster, OM	201,012	135,582	201,012
G D Phillips	<u>50,000</u>	<u>-</u>	<u>50,000</u>

During the year the company purchased a leasehold interest from a trust in which Sir Norman Foster has a beneficial interest, for £2,100,000.

Sir Norman Foster, S T de Grey, D B Nelson, K O Shuttleworth, G D Phillips and B J Cooke are also directors of the ultimate parent company and their interests in the shares of other group companies are shown in the accounts of the ultimate parent company. None of the other directors had a beneficial interests in the shares of other Group Companies.

9 Taxation	1998 £	1997 £
U.K. corporation tax	410,000	-
Overseas Taxation	515,775	442,439
	<u>925,775</u>	<u>442,439</u>

No provision is required in respect of deferred taxation.

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts ***Year ended 30 April 1998***

10 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	1998 £	1997 £
Company's profit/(loss) for the financial year	525,884	(870,164)

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

11 Tangible fixed assets Group

	Land and buildings Freehold £	Aircraft & motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 May 1997	5,926,389	922,105	4,190,506	11,039,000
Additions	2,100,000	85,677	985,609	3,171,286
Disposals	-	(46,152)	(16,982)	(63,134)
At 30 April 1998	8,026,389	961,630	5,159,133	14,147,152
Depreciation				
At 1 May 1997	118,526	794,245	2,477,135	3,389,906
On disposals	-	(18,652)	(8,673)	(27,325)
Charge for the year	160,528	38,662	913,882	1,113,072
At 30 April 1998	279,054	814,255	3,382,344	4,475,653
Net book value				
At 30 April 1998	7,747,335	147,375	1,776,789	9,671,499
At 30 April 1997	5,807,863	127,860	1,713,371	7,649,094

Included above are assets held under finance leases or hire purchase contracts as follows:

	Aircraft & motor vehicles £	Fixtures, fittings & equipment £	Total £
Net book values			
At 30 April 1998	-	65,998	65,998
At 30 April 1997	-	103,711	103,711
Depreciation charge for the year			
30 April 1998	-	37,713	37,713
30 April 1997	-	37,713	37,713

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

11 Tangible fixed assets (continued) Company

	Land and buildings Freehold £	Aircraft & motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 May 1997	5,926,389	922,105	3,488,956	10,337,450
Additions	2,100,000	85,677	844,969	3,030,646
Disposals	-	(46,152)	-	(46,152)
At 30 April 1998	8,026,389	961,630	4,333,925	13,321,944
Depreciation				
At 1 May 1997	118,527	794,245	2,181,828	3,094,600
On disposals	-	(18,652)	-	(18,652)
Charge for the year	160,527	38,662	741,415	940,604
At 30 April 1998	279,054	814,255	2,923,243	4,016,552
Net book value				
At 30 April 1998	7,747,335	147,375	1,410,682	9,305,392
At 30 April 1997	5,807,862	127,860	1,307,128	7,242,850

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

12 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 May 1997	27,845
Additions	3,650,000
At 30 April 1998	3,677,845
Provisions for diminution in value	
At 1 May 1997 & at 30 April 1998	27,746
Net book value	
At 30 April 1998	3,650,099
At 30 April 1997	99

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Foster Asia (Japan) Limited	England	Ordinary	100
Sir Norman Foster and Partners (Hong Kong) Limited	Hong Kong	Ordinary	100
Sir Norman Foster and Partners (Singapore) Pte Ltd	Singapore	Ordinary	100
Office Design Services Limited	England	Ordinary	100
Foster (Nederland) BV	Holland	Ordinary	100
Foster Germany Limited	England	Ordinary	100
Monster Design Limited	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Foster Asia (Japan) Limited	Architects
Sir Norman Foster and Partners (Hong Kong) Limited	Architects
Sir Norman Foster and Partners (Singapore) Pte Ltd	Architects
Office Design Services Limited	Printers
Foster (Nederland) BV	Building design
Foster Germany Limited	Dormant
Monster Design Limited	Dormant

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

13 Stocks

	1998 £	Group 1997 £	1998 £	Company 1997 £
Finished goods and goods for resale	10,148	15,794	10,148	15,794

14 Debtors

	Group 1998 £	1997 £	Company 1998 £	1997 £
Trade debtors	7,634,573	6,364,756	6,320,027	3,365,218
Amounts recoverable on contracts	2,444,107	1,626,707	2,016,129	978,437
Amounts owed by group undertakings	-	-	484,262	-
Other debtors	2,885,839	1,583,254	120,024	251,408
Prepayments and accrued income	311,848	142,751	141,348	97,538
	13,276,367	9,717,468	9,081,790	4,692,601

15 Creditors : amounts falling due within one year

	Group 1998 £	1997 £	Company 1998 £	1997 £
Bank loans and overdrafts	780,000	780,000	780,000	780,000
Payments received on account	11,496,796	8,694,128	10,319,567	6,707,977
Net obligations under finance lease and hire purchase contracts	27,683	46,608	-	-
Trade creditors	1,676,416	1,745,808	908,683	827,590
Amounts owed to group undertakings	219,304	219,304	10,720,615	6,636,861
Corporation tax	698,599	646,499	290,000	-
Taxes and social security costs	1,963,803	1,096,168	1,963,803	1,088,904
Other creditors	281,638	246,548	265,664	230,562
Accruals and deferred income	186,763	326,209	182,853	290,005
	17,331,002	13,801,272	25,431,185	16,561,899

The bank overdraft is secured on the company's assets and by a cross guarantee on the assets of each of the subsidiary undertakings.

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

16 Creditors : amounts falling due after more than one year

	1998 £	Group 1997 £	1998 £	Company 1997 £
Bank loans	1,784,523	1,254,351	1,784,523	1,254,351
Net obligations under finance leases and hire purchase agreements	-	27,683	-	-
	<u>1,784,523</u>	<u>1,282,034</u>	<u>1,784,523</u>	<u>1,254,351</u>
Analysis of loans				
Wholly repayable within five years	2,564,523	2,034,351	2,564,523	2,034,351
Included in current liabilities	(780,000)	(780,000)	(780,000)	(780,000)
	<u>1,784,523</u>	<u>1,254,351</u>	<u>1,784,523</u>	<u>1,254,351</u>

The bank loan is secured by a fixed and floating charge over the assets of the Group.

Net obligations under finance leases and hire purchase contracts

Repayable between one and five years	27,683	74,291	-	-
	<u>27,683</u>	<u>74,291</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(27,683)	(46,608)	-	-
	<u>-</u>	<u>27,683</u>	<u>-</u>	<u>-</u>

17 Share capital

	1998 £	1997 £
Authorised		
45,000 "A" ordinary shares of £1 each	45,000	45,000
5,000 "B" ordinary shares of £1 each	5,000	5,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
41,347 "A" ordinary shares of £1 each	41,347	41,347

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

18 Statement of movements on reserves Group

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 May 1997	23,625	1,998	4,213,187
Retained profit for the year	-	-	1,841,191
Currency translation differences on foreign currency net investments	-	-	(300,906)
Balance at 30 April 1998	23,625	1,998	5,753,472

19 Reconciliation of movements in shareholders' funds Group

	1998 £	1997 £
Profit for the financial year	1,841,191	1,592,563
Other recognised gains and losses	(300,906)	(479,113)
Net addition to shareholders' funds	1,540,285	1,113,450
Opening shareholders' funds	4,280,157	3,166,707
Closing shareholders' funds	5,820,442	4,280,157

Company	1998 £	1997 £
Profit/(Loss) for the financial year	525,884	(870,164)
Opening shareholders' funds	(4,123,312)	(3,253,148)
Closing shareholders' funds	(3,597,428)	(4,123,312)

20 Reconciliation of operating profit to net cash inflow from operating activities

	1998 £	1997 £
Operating profit	2,765,750	2,098,416
Depreciation of tangible assets	1,113,072	844,430
Loss on disposal of tangible assets	5,297	5,905
Fixed asset write off	-	587,912
Decrease in stocks	5,646	7,406
Increase in debtors	(3,558,899)	(1,610,583)
Increase in creditors within one year	3,496,555	2,098,816
Net cash inflow from operating activities	3,827,421	4,032,302

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

21 Analysis of net debt	1 May 1997	Cash flow	Translation adjustment	30 April 1998
	£	£		£
Net cash:				
Cash at bank and in hand	1,981,107	297,752	(300,906)	1,977,953
Debt:				
Finance leases	(74,291)	46,608		(27,683)
Debts falling due within one year	(780,000)	-		(780,000)
Debts falling due after one year	(1,254,351)	(530,172)		(1,784,523)
	(2,108,642)	(483,564)		(2,592,206)
Net debt	(127,535)	(185,812)	(300,906)	(614,253)

22 Reconciliation of net cash flow to movement in net debt	1998	1997
	£	£
Increase/(decrease) in cash in the year	297,752	(2,049,065)
Foreign currency translation adjustment	(300,906)	(479,113)
Decrease in cash in the year	(3,154)	(2,528,178)
Cash inflow from increase in debt	(483,564)	(1,974,857)
Movement in net debt in the year	(486,718)	(4,503,035)
Opening net (debt)/funds	(127,535)	4,375,500
Closing net debt	(614,253)	(127,535)

23 Contingent liabilities

Group

At the balance sheet date, the Group had contingent liabilities in respect of letters of guarantee given to, The Hong Kong Mass Transit Railway Corporation of £219,269 (1997 £229,373), and The Hong Kong Airport Authority of £154,559 (1997 £161,681).

24 Financial commitments

At 30 April 1998 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	9,404	181,811	28,293	-
Between two and five years	118,478	58,205	-	37,724
	127,882	240,016	28,293	37,724

Sir Norman Foster and Partners Limited

Notes to the Consolidated Accounts Year ended 30 April 1998

25 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £457,214 (1997 - £354,385). In addition, the company makes payments to personal pension plans for certain employees. The pension costs in respect of these payments was £145,555 (1997 £nil).

26 Control

The directors regard Foster Holdings Limited as the ultimate parent company and immediate controlling party.

Sir Norman Foster is the ultimate controlling party.

Foster Holdings Limited is the only company to prepare consolidated accounts which include the accounts of Sir Norman Foster and Partners Limited. These accounts are available from The Registrar of Companies.