

Registered No 1644989

Foster & Partners Limited

**Annual report for the year ended
30 April 2005**



Foster & Partners Limited

Annual report for the year ended 30 April 2005

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Directors and advisers

Directors

Lord Foster of Thames Bank, OM

S Behling

A Bow

G Brooker

J Drew Resigned 11.11.05

I Godwin

S T de Grey CBE

K Harris

B Haw

P Kalkhoven

M Majidi

D A Miller Resigned 21.12.05

D B Nelson

G D Phillips

J N Silver Resigned 14.06.04

M Sutcliffe

Secretary and registered office

G D Phillips

Riverside Three

22 Hester Road

London SW11 4AN

Solicitors

Fishburns

60 Strand

London WC2N 5LR

Herbert Smith

Exchange House

Primrose Street

London EC2A 2HS

Farrer & Co

66 Lincoln's Inn Fields

London WC2 3LH

Registered auditors

PricewaterhouseCoopers LLP

No 1 Embankment Place

London WC2N 6RH

Bankers

HSBC Bank plc

8 Canada Square

London E14 5HQ

Foster & Partners Limited

Chairman's Statement

I am pleased to report that the significant investment made last year in improving our infrastructure has immediately proved successful by rewarding the Practice with higher turnover and stronger profitability.

Turnover is up 18% to £44.5m with £2.5m profit generated.

During the year the Practice won significant contracts worldwide particularly in America, China, the Middle East, Russia and the UK. The number of Countries in which we are working has increased to 25 (from 21 last year) and our geographical mix has strengthened with 12% of turnover from the United States and 9% from China with the UK reflecting 43%.

The diversity of projects across sectors has been maintained with the Hotel sector emerging as an area of growth and Transport increasing from 9% to 17% of turnover.

I am proud and delighted to report that the Practice has continued to receive world wide recognition for its work with this year being particularly notable.

A record number of awards were won for excellence in architecture including the **RIBA Stirling Prize** for **Swiss Re's Headquarters**. Other award winning projects receiving global acclaim are the **Millau Viaduct**, the **McLaren Technology Centre** and the **Sage Gateshead**.

I was privileged to receive three awards on behalf of the Practice and five personally and I believe that this is attributable to our vision for the future and commitment to excellence in projects and their delivery. Uniquely our work spans architecture, public infrastructure and the world of furniture and product design.

We have regularly topped surveys and polls including the Times Arts Power 100, the World Architecture 'most admired architect', AJ International Architect of the Year and the BD Most Admired Architect.

Looking ahead, the coming year continues to bring creative excitement and financial reward to the Practice with further revenue and income growth forecasted. Although still under construction the Hearst Headquarters in New York and Beijing Airport are already receiving critical praise.

We are at this very time involved in the tendering process of significant project work across the globe which has been made possible by our ability to continually provide world class projects and service.

Finally, I would like to thank the group's management and staff for their dedication and hard work during the year.



Lord Foster
Chairman

28 February 2006

Directors' report for the year ended 30 April 2005

The directors present their report and the audited financial statements of the company and the group for the year ended 30 April 2005.

Principal activity

The principal activity of the group is that of architects and designers. The company has subsidiaries in Germany, Hong Kong, Japan, the Netherlands and Singapore as well as the United Kingdom.

Results and dividends

The consolidated profit and loss account is set out on page 7 and shows the profit for the year.

It is proposed that the retained profit for the financial year of £1,756,000 (2004: loss £2,000) is transferred to reserves.

The directors do not propose the payment of a dividend (2004: £nil).

Trading review and future prospects

The level of trading has been in line with expectations and future projections remain good, further detail is given in the Chairman's statement. The directors are satisfied with the group's financial position at the year end.

Directors and their interests

The directors of the company during the year were:

Lord Foster of Thames Bank, OM	
S Behling	
A Bow	
G Brooker	
J Drew	Resigned 11.11.05
I Godwin	
S T de Grey CBE	
K Harris	
B Haw	
P Kalkhoven	
M Majidi	
D A Miller	Resigned 21.12.05
D B Nelson	
G D Phillips	
J N Silver	Resigned 14.06.04
M Sutcliffe	

All directors are potential beneficiaries of the Employee Benefit Trust, referred to in note 21 to the accounts, which owns shares in the ultimate parent company.

Lord Foster, S T de Grey, D B Nelson and G D Phillips are also directors of Foster Group (International) Limited which is the ultimate parent company of the group. The interests of these directors in the shares of other group companies are shown in the accounts of Foster

Group (International) Limited. None of the directors has any other beneficial interest in the shares of other group companies

Charitable contributions

During the year the group made direct payments in respect of charitable donations of £11,857 (2004: £30,647). In addition, architectural work on the Police Memorial Trust was undertaken. The project involves a permanent memorial in Hyde Park to police officers who have lost their lives in the course of duty. The work, at a cost in the year of £20,527 (2004: £58,823), is undertaken for no fee.

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 group's businesses.

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 ongoing process of employee development.

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 gender, race, disability or other irrelevant factors.

Disabled persons

The company and its subsidiaries have continued the policy regarding the employment of disabled persons. *Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.*

Statement of directors' responsibilities

United Kingdom 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 group as at the end of the financial year and of the profit or loss of the group 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; 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 of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the resignation of Deloitte & Touche LLP, the board have appointed PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'G D Phillips', written in a cursive style.

G D Phillips
Company secretary

28 February 2006

Independent auditors' report to the members of Foster & Partners Limited

We have audited the financial statements, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the note of historical cost profit and loss, the reconciliation of movement in consolidated shareholders' funds, the consolidated and company balances sheets, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's statement and the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 April 2005 and the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

1 March 2006

Consolidated profit and loss account for the year ended 30 April 2005

	Notes	2005 £'000	2004 £'000
Turnover	2	44,513	37,729
Other operating income		64	56
Staff costs	4	(28,846)	(25,538)
Depreciation	8	(1,165)	(1,278)
Other operating charges		(11,542)	(8,964)
Operating profit	3	3,024	2,005
Interest receivable and similar charges		2	21
Interest payable and similar charges	5	(494)	(1,021)
Profit on ordinary activities before taxation		2,532	1,005
Taxation	6	(776)	(1,007)
Profit/(loss) on ordinary activities after taxation and retained profit/(loss) for the financial year		1,756	(2)

The above results relate to the continuing operations of the company.

Consolidated statement of total recognised gains and losses for the year ended 30 April 2005

	2005 £'000	2004 £'000
Profit/(loss) for the financial year	1,756	(2)
Foreign exchange movements	(161)	(6)
Total recognised gains and losses relating to the period	1,595	(8)

Note of historical cost profit and loss

	2005 £'000	2004 £'000
Reported profit on ordinary activities before taxation	2,532	1,005
<i>Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the re-valued amount</i>	74	33
Historical cost profit on ordinary activities before taxation	2,606	1,038
Historical cost profit for the year retained after taxation	1,830	31

Reconciliation of movement in consolidated shareholders' funds for the year ended 30 April 2005

	2005 £'000	2004 £'000
Profit/(loss) for the financial period	1,756	(2)
Other recognised gains and losses relating to the year	(161)	(6)
Net addition/(reduction) to shareholders' funds	1,595	(8)
Opening shareholders' funds	20,485	20,493
Closing shareholders' funds	22,080	20,485

Consolidated balance sheet

At 30 April 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	<u>10,890</u>	<u>11,122</u>
Current assets			
Debtors	10	27,937	26,569
Investment	11	6,522	6,522
Cash at bank and in hand		<u>370</u>	<u>289</u>
		34,829	33,380
Creditors: amounts falling due within one year	12	<u>(17,749)</u>	<u>(17,607)</u>
Net current assets		<u>17,080</u>	<u>15,773</u>
Total assets less current liabilities		27,970	26,895
 Creditors: amounts falling due after more than one year	13	 (5,250)	 (6,000)
Provisions for liabilities and charges	15	<u>(640)</u>	<u>(410)</u>
Net assets		<u>22,080</u>	<u>20,485</u>
 Capital and reserves			
Called up share capital	16	41	41
Share premium account	17	24	24
Revaluation reserve	17	3,594	3,668
Profit and loss account	17	<u>18,421</u>	<u>16,752</u>
Total equity shareholders' funds		<u>22,080</u>	<u>20,485</u>

These financial statements were approved by the Board of Directors on 28 February 2006

Signed on behalf of the Board of Directors



M Sutcliffe
Director



G D Phillips
Director

Company balance sheet

At 30 April 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	10,769	10,951
Investments	9	34	34
		<u>10,803</u>	<u>10,985</u>
Current assets			
Debtors	10	28,023	26,671
Investment	11	6,522	6,522
Cash at bank and in hand		200	101
		<u>34,745</u>	<u>33,294</u>
Creditors: amounts falling due within one year	12	<u>(18,078)</u>	<u>(17,816)</u>
Net current assets		<u>16,667</u>	<u>15,478</u>
Total assets less current liabilities		27,470	26,463
Creditors: amounts falling due after more than one year	13	(5,250)	(6,000)
Provisions for liabilities and charges	15	<u>(640)</u>	<u>(410)</u>
Net assets		<u>21,580</u>	<u>20,053</u>
Capital and reserves			
Called up share capital	16	41	41
Share premium account	17	24	24
Revaluation reserve	17	3,594	3,668
Profit and loss account	17	17,921	16,320
Total equity shareholders' funds		<u>21,580</u>	<u>20,053</u>

These financial statements were approved by the Board of Directors on 28 February 2006

Signed on behalf of the Board of Directors



M Sutcliffe
Director



G D Phillips
Director

Consolidated cash flow statement for the year ended 30 April 2005

	Notes	2005 £'000	2004 £'000
Net cash inflow from continuing activities	18	2,605	548
Returns on investments and servicing of finance	19	(492)	(427)
Taxation	19	(333)	(642)
Capital expenditure and financial investment	19	<u>(949)</u>	<u>(1,318)</u>
Cash inflow/(outflow) before use of financing		831	(1,839)
Financing	19	<u>(750)</u>	<u>(750)</u>
Increase/(decrease) in cash		<u>81</u>	<u>(2,589)</u>

Notes to the financial statements for the year ended 30 April 2005

1 Principal accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below and have been applied consistently.

Basis of accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Joint arrangements that are not entities

In accordance with the requirements of Financial Reporting Standard 9, Associates and Joint Ventures, the company accounts for its share of the assets, liabilities and cash flows relating to joint arrangements into which it has entered.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings (land is not depreciated)	2
Aircraft and motor vehicles	12.5 – 25
Fixtures and fittings	12.5 – 33.3

Freehold buildings are revalued periodically with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a devalued asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investments held as fixed assets and current assets are stated at cost less provision for any impairment.

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 or, if hedged, at the contract rates. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Resultant translation differences are dealt with in the profit and loss account.

Assets and liabilities of foreign subsidiary undertakings are translated into sterling at the year end rates and the results for the period are translated using the average exchange rates for the period. These consolidated differences on exchange including that arising from the consolidation at closing rate of the opening net investment in subsidiaries are taken direct to reserves.

Financial instruments

Derivative instruments utilised by the group are interest rate swaps. The group does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Accounting for contracts

Contract work in progress is recorded as turnover progressively in line with the completion of project work stages, turnover is determined on the value of work carried out to date. Profit on any work stage is only recognised to the extent that the total contract is assessed to be profitable. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on contracts. Full provision is made for any foreseeable losses. In those cases where provisions are required, these are included within provisions. Long term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover.

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their estimated useful economic 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.

Pension scheme arrangements

The group operates a defined contribution pension scheme for the benefit of employees. The amount charged to the profit and loss account is the contribution payable in the year.

Payments made by the group to personal pension schemes of employees are also charged to the profit and loss account in the year they are incurred.

2 Turnover

Turnover is wholly attributable to the principal activity of the group. The analysis by geographical area is set out below:

	2005 £'000	2004 £'000
Geographical segment:		
United Kingdom	19,120	17,992
Far East	5,969	4,529
Continental Europe	10,431	9,549
North America	5,619	3,928
Australasia	950	1,623
Rest of the World	2,424	108
	<u>44,513</u>	<u>37,729</u>

3 Operating profit

	2005 £'000	2004 £'000
Operating profit is after charging:		
Depreciation on tangible fixed assets		
Owned assets	1,165	1,293
Loss on disposal of fixed assets	16	-
Auditors' remuneration – group and company	59	68
Auditors' remuneration for non audit work	-	123
	<u>-</u>	<u>123</u>

4 Information regarding directors and employees

Lord Foster, S T de Grey CBE, D B Nelson and G D Philips are also directors of Foster Group (International) Limited, the ultimate parent undertaking. The emoluments of these directors in respect of their services to the Foster Group (International) Limited group as a whole are disclosed in the financial statements of that company and are excluded from the following.

	2005 £'000	2004 £'000
Directors' emoluments		
Aggregate emoluments	1,846	1,206
Amounts paid to defined contribution pension scheme	248	214
	<u>2,094</u>	<u>1,420</u>

There were 14 directors in the company's defined contribution pension scheme during the year (2004: 16).

The highest paid director during the year was Lord Foster. His emoluments are disclosed in the accounts of Foster Group (International) Limited

Transaction with directors

During the year the maximum amount owed by Lord Foster to the group was £69,589 which was fully paid by the year end. No interest was charged.

	2005 £'000	2004 £'000
Employees' staff costs during the year (including directors)		
Wages and salaries	24,848	21,917
Social security costs	2,394	2,165
Pension costs	1,604	1,456
	<u>28,846</u>	<u>25,538</u>
	2005 No	2004 No
Average number of persons employed by the group in the period	<u>636</u>	<u>534</u>

5 Interest payable and similar charges

	2005 £'000	2004 £'000
Bank loans and overdrafts	494	572
Tax creditor interest	-	449
	<u>494</u>	<u>1,021</u>

6 Tax on profit on ordinary activities

	2005 £'000	2004 £'000
Current tax:		
UK corporation tax on the profit for the period	854	504
Adjustment in respect of prior years	-	2,065
Group relief	(15)	(55)
Foreign tax for current period	-	12
Total current tax charge	<u>839</u>	<u>2,526</u>
Deferred tax:		
Adjustments in respect of prior years	-	(1,514)
Timing differences, origination and reversal	(63)	(5)
Total deferred tax charge	<u>(63)</u>	<u>(1,519)</u>
Tax on profits on ordinary activities	<u>776</u>	<u>1,007</u>

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	2,532	1,005
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	760	302
Effects of:		
Expenses not deductible for tax purposes	18	162
Other timing differences	76	52
Group relief from holding company for which no payment	(15)	(55)
Prior year adjustments	-	2,065
Current tax charge for the period	839	2,526

7 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented in these financial statements. The company's results for the financial year amounted to a profit of £1,527,000 (2004: £110,000).

8 Tangible fixed assets

Group	Freehold land and buildings £'000	Aircraft & motor vehicles £ '000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 May 2004	9,272	2,161	6,818	18,251
Additions	69	14	919	1,002
Disposals	(17)	-	(76)	(93)
At 30 April 2005	9,324	2,175	7,661	19,160
Accumulated depreciation				
At 1 May 2004	90	2,054	4,985	7,129
Charge for year	96	43	1,026	1,165
Disposals	(1)	-	(23)	(24)
At 30 April 2005	185	2,097	5,988	8,270
Net book value				
At 30 April 2005	9,139	78	1,673	10,890
At 30 April 2004	9,182	107	1,833	11,122

Company	Freehold land and buildings £'000	Aircraft & motor vehicles £ '000	Fixtures and fittings £'000	Total £ '000
Cost or valuation				
At 1 May 2004	9,272	2,161	6,149	17,582
Additions	69	14	897	980
Disposals	(17)	-	(76)	(93)
At 30 April 2005	9,324	2,175	6,970	18,469
Accumulated depreciation				
At 1 May 2004	90	2,054	4,487	6,631
Chare for year	96	43	954	1,093
Disposals	(1)	-	(23)	(24)
At 30 April 2005	185	2,097	5,418	7,700
Net book value				
At 30 April 2005	9,139	78	1,552	10,769
At 30 April 2004	9,182	107	1,662	10,951

Revaluation of fixed assets

The company's freehold property was valued at open market in April 2005 by Atis Real, Chartered Surveyors, the results of which supported the current valuation. A comparison between the present book value and the book value at which the asset would have been carried on a historical basis is set out below:

	30 April 2005	
	Revalued amount	Historical cost Amount
	£'000	£'000
Freehold land and buildings		
Cost or valuation	9,000	6,178
Depreciation to date	(180)	(936)
Net book value	<u>8,820</u>	<u>5,242</u>

9 Fixed asset investments

	Shares in subsidiary undertaking £'000
Company	
At 1 May 2004 and 20 April 2005	<u>34</u>

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

Holdings of more than 20%

The company holds all of the issued share capital of the following companies.

Company	Country of registration of incorporation	Principal activity	Shares held	
			Class	%
Subsidiary undertaking				
Foster and Partners (Japan) Limited	England & Wales	Dormant	Ordinary	100
Foster and Partners (Hong Kong) Limited	Hong Kong	Architects	Ordinary	100
Foster and Partners (Singapore) Pte Ltd	Singapore	Architects	Ordinary	100
F & P Architekten GmbH	Germany	Architects	Ordinary	100
Office Design Services Limited	England & Wales	Printers	Ordinary	100
Foster (Nederland) BV	Holland	Dormant	Ordinary	100
Foster Germany Limited	England & Wales	Dormant	Ordinary	100

10 Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	9,735	9,118	9,724	8,925
Amounts recoverable on contracts	4,688	4,249	4,688	4,249
Amounts owed by group undertakings	12,384	11,822	12,507	12,142
Corporation tax recoverable	-	324	-	324
Other debtors	339	519	315	494
Prepayments and accrued income	791	537	789	537
	<u>27,937</u>	<u>26,569</u>	<u>28,023</u>	<u>26,671</u>

11 Investment

	Group and Company	
	2005	2004
Shares in Foster Group (International) Limited (note 21)	<u>6,522</u>	<u>6,522</u>

12 Creditors: amounts due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank overdrafts and loans (note 14)	750	750	750	750
Payments received on account	8,306	9,033	8,306	9,033
Trade creditors	1,948	2,781	1,929	2,781
Amounts owed to group undertakings	219	219	903	653
Corporation tax	2,387	2,161	2,119	2,000
Taxation and social security	1,470	1,376	1,475	1,376
Other creditors	56	558	-	528
Accrual and deferred income	2,613	729	2,596	695
	<u>17,749</u>	<u>17,607</u>	<u>18,078</u>	<u>17,816</u>

The bank loan was secured on the group's assets and by a cross guarantee on the assets of each of the subsidiary undertakings.

At 30 April 2005 the Employee Benefit Trust (note 21) had borrowed £1,198,000 (2004: £1,198,000) from Foster and Partners (Hong Kong) Limited. There is no interest payable on this loan.

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank overdrafts and loans (note 14)	<u>5,250</u>	<u>6,000</u>	<u>5,250</u>	<u>6,000</u>

14 Borrowings

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Analysis of borrowings				
Bank loan	<u>6,000</u>	<u>6,750</u>	<u>6,000</u>	<u>6,750</u>
	<u>6,000</u>	<u>6,750</u>	<u>6,000</u>	<u>6,750</u>
Due within one year	750	750	750	750
Due after more than one year	<u>5,250</u>	<u>6,000</u>	<u>5,250</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,750</u>	<u>6,000</u>	<u>6,750</u>

An analysis of the bank loan and loan notes is as follows:

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Due within one year	750	750	750	750
Due after more than one year but not more than two years	750	750	750	750
Between two and five years	2,250	2,250	2,250	2,250
More than five years	<u>2,250</u>	<u>3,000</u>	<u>2,250</u>	<u>3,000</u>
	<u>6,000</u>	<u>6,750</u>	<u>6,000</u>	<u>6,750</u>

The bank loan is secured by a fixed and floating charge over the assets of the group. The bank loan carries interest at 1.5% above HSBC plc's base rate. [update for swap]

The group held no finance leases in the current or previous year.

15 Provisions for liabilities and charges

	Group		Company	
	2005	200	200	200
	£'000	£'00	£'00	£'00
Deferred taxation	-			
Provisions for foreseeable contract losses	640	41	64	41
	<u>640</u>	<u>41</u>	<u>64</u>	<u>41</u>

Deferred taxation	Group £'000	Company £'000
Balance at 30 April 2004	246	222
Profit and loss account credit	63	45
Balance at 30 April 2005 (shown in other debtors)	<u>309</u>	<u>267</u>

The amounts of deferred taxation provided in the accounts are as follows:

Group	Provided	
	2005	2004
	£'000	£'000
Depreciation in excess of capital allowances	234	215
Short term timing differences	75	31
	<u>309</u>	<u>246</u>

The deferred tax asset in relation to short term timing differences arises predominantly on losses in overseas subsidiaries which may only be realised against profits arising in the same territory.

Company	Provided	
	2005	2004
	£'000	£'000
Depreciation in excess of capital allowances	192	191
Short term timing differences	75	31
	<u>267</u>	<u>222</u>

There is no unprovided deferred tax in the current or prior year.

Provision for foreseeable contract losses

Group and Company
£'000

Balance at 1 May 2004	410
Utilised	(291)
Profit and loss account charge	521
Balance at 30 April 2005	640

The provisions will be utilised over the remaining life of the relevant contracts up to an estimated maximum of five years.

16 Called up share capital

	2005	2004
	£'000	£'000
Authorised		
45,000 'A' ordinary shares of £1 each	45	45
5,000 'B' ordinary shares of £1 each	5	5
	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
41,347 'A' ordinary shares of £1 each	<u>41</u>	<u>41</u>

17 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Group				
Balance at 1 May 2004	24	3,668	16,752	20,444
Profit for the period	-	-	1,756	1,756
Foreign exchange movements	-	-	(161)	(161)
Additional depreciation in respect of revalued assets	-	(74)	74	-
Balance at 30 April 2005	24	3,594	18,421	22,039
Company				
Balance at 1 May 2004	24	3,668	16,320	20,012
Profit for the period	-	-	1,527	1,527
Additional depreciation in respect of revalued assets	-	(74)	74	-
Balance at 30 April 2005	24	3,594	17,921	21,539

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

	2005 £'000	2004 £'000
Operating profit	3,024	2,005
Depreciation of tangible assets	1,165	1,278
Loss on sale of fixed assets	16	-
(Decrease) in creditors	(517)	(4,628)
(Increase)/decrease in debtors	(1,083)	1,893
Net cash inflow from operating activities	2,605	548

19 Analysis of cash flows for headings netted in the cash flow statement

	2005 £'000	2004 £'000
Returns on investments and servicing of finance		
Interest received	2	21
Interest paid	(494)	(448)
	<u>(492)</u>	<u>(427)</u>
Taxation		
Corporation tax paid	<u>(333)</u>	<u>(642)</u>
Capital expenditure and financial investment		
Net payments to acquire tangible fixed assets	<u>(949)</u>	<u>(1,318)</u>
Financing		
Repayment of borrowings	<u>(750)</u>	<u>(750)</u>

20 Analysis of net debt

	At 1 MNon-cash move Cashflow			At 30 April 2005
	£'000	£'000	£'000	£'000
Cash in hand and at bank	289	-	81	370
Debt due after one year	(6,000)	750	-	(5,250)
Debt due within one year	(750)	(750)	750	(750)
Net debt	<u>(6,461)</u>	<u>-</u>	<u>831</u>	<u>(5,630)</u>

	2005	2004
Reconciliation of net cash flow to movement in net debt	£'000	£'000
Increase/(decrease) in cash in the year	81	(2,589)
Cash flow from change in debt and lease financing	750	750
Change in net debt resulting from cash flow	831	(1,839)
Net debt at 1 May 2004	(6,461)	(4,622)
Net debt at 30 April 2005	<u>(5,630)</u>	<u>(6,461)</u>

21 Employee benefit trust

The Employee Benefit Trust was established to enable the trustees to purchase or sell shares in Foster Group (International) Limited, from or to employees. Its assets are held separately from those of the group. Whilst the trustee, Close Trust Company Jersey Limited, has a fiduciary duty to act in the best interests of the beneficiaries of the trust, in practice Foster Group (International) Limited and its subsidiaries' advice as to how the assets are held for the benefit of the employees is generally accepted, and the group bears the major risks and rewards of the assets held within the trust. Foster & Partners Limited is viewed as the sponsoring company.

There were no contributions paid during the year to the employee benefit trust by Foster & Partners Limited. At 30 April 2005 the Foster & Partners Employee Benefit Trust owned 24,840 'B' ordinary redeemable £1 shares representing 49.6% of the Purchaser's ordinary share capital. The trust has not received dividends on the shares it owns in the financial year or in the preceding financial year. None of the shares which the trust owns are under option employees or have been conditionally gifted to them.

22 Capital commitments

	30 April 2005	30 April 2004
	£'000	£'000
Capital commitments authorised and contracted for	<u>Nil</u>	<u>68</u>

23 Contingent liabilities

The group has guarantees totalling SFR45,000 issued in favour of the Swiss VAT office on 14 June 2001.

24 Ultimate parent company

The directors regard Foster Holdings Limited and Foster Group (International) Limited, both companies being incorporated in Great Britain, as the ultimate parent company of the group. The directors consider Lord Foster of Thames Bank OM as the ultimate controlling party. The smallest group that consolidates the financial statements of the company is Foster & Partners Limited. The largest such group is Foster Group (International) Limited.