

Registered No 1644989

**Foster + Partners Limited**

**(formerly Foster and Partners Limited)  
Annual report for the year ended  
30 April 2006**



# **Foster + Partners Limited**

## **Annual report for the year ended 30 April 2006**

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# **Foster + Partners Limited**

## **Directors and advisers**

### **Directors**

Lord Foster of Thames Bank, OM  
S Behling  
A Bow  
G Brooker  
S T de Grey CBE  
K Harris  
B Haw  
P Kalkhoven  
M Majidi  
D B Nelson  
G D Phillips  
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

## Chairman's Statement

I am delighted to report that for the year ending April 2006 we have been able to combine unparalleled creativity with significant growth and returns

We are now starting to reap the benefits of investing significantly over the past two years to improve the infrastructure of the Group

Our turnover for this financial year has increased by 12.5% to £50 million which has generated £6.3 million profits. We are confident that the coming year will see a significant advance, with the potential to all but double turnover with a proportional increase in profitability

I am pleased to report that our Compliance issues previously under review have now been settled in a most satisfactory manner, with the consequence that the Group will no longer require provisions for such liabilities within its Financial Statements next year

Over the year we have developed proposals to open project offices in Dubai, Houston, Kuala Lumpur, New York and Vancouver, in addition to our other nine world wide locations. We saw ground breakings for the Museum of Fine Arts in Boston, an opera house in Dallas, residential towers in Malaysia, urban developments in Amsterdam, Manchester and Edinburgh and a City Academy in Peterborough

The Sage at Gateshead was opened by the Queen in October 2005. Other major openings included Singapore's Supreme Court, The Library of the Free University of Berlin, the Arsta Bridge in Stockholm and the Deutsche Bank Headquarters in Sydney

There were new project launches for major towers at New York's Ground Zero site, Moscow City and Calgary. In Milan we also launched the Santa Giulia project as an urban expansion of the city and a model of sustainable development even down to the detail of a fully equipped show apartment. Typical of some of our longer term projects is the fifteen year relationship with the City of Duisburg. This spring we revealed the concept design for the final piece of the Inner Harbour redevelopment and we were re-commissioned for a master plan for the overall City

We competed successfully for two major projects. One of these, the new Heathrow East Terminal, is pivotal to the future of the airport as a long-term replacement for the existing Terminals One and Two. The other competition was a major centre for culture, music and the Arts in the heart of St Petersburg, in the historic quarter called New Holland

During this year, the Group received 50 awards for excellence from around the world, including six RIBA awards in the UK. One of the awards was voted by the public, Channel 4's "People's Choice" for the Stirling prize for the McLaren Centre. Another was voted for by the customers who decreed our Hong Kong International Airport to be the best in the world. I received three awards which were also inseparable from Foster + Partners – a medal for service to Anglo-German Relations, the Prize of the European Press and the World's first Solar Prize

Our work was exhibited in seventeen venues – the most significant being a major show in the Pushkin Museum in Moscow – a first for contemporary architecture in this distinguished institution

Our Beijing Airport, currently the largest building project in the world, made rapid progress during the year, with its 50,000 workforce operating 24 hours, seven days a week. It is currently on schedule for the 2008 Olympics. At a similarly heroic scale our viaduct at Millau celebrated its opening year and has been very well received, both locally and internationally

During this period we also enjoyed working with some of the youngest members of our society. Schoolchildren from Mossbourne Academy in Hackney and Telferscot Primary School in Streatham, were hosted by our office for experimental projects to make eight to

eleven year-olds aware of the social benefits of architecture. The results were beyond our expectations, and have provided a basis for ongoing work with young people.

On the subject of youth we continue to attract an extraordinary wealth of talent which is celebrated in our annual graduates show – one of the great events of the Foster + Partners calendar.

This year was also the first in which we saw the tangible benefits of our new Group restructuring with its six individual groups each reporting to an overall Design Board, for which I act as chairman. This unique model ensures continuity of standards across different continents and over great diversity of scale - regional planning, infrastructure and urban design, through landmark Architecture to domestic products and furniture.

I would like to pay a special tribute to Spencer de Grey, David Nelson, and Graham Phillips – we continue to share the pleasure of working together for more than thirty years. Although we have our day-to-day responsibilities, we enjoy a wider remit across the breadth of the Group.

I would like to thank my senior partners for their combination of design flair, management and entrepreneurial skills – Stefan Behling, Andy Bow, Grant Brooker, Nigel Dancey, Gerard Evenden, Brandon Haw, Paul Kalkhoven, Mouzhan Majidi and Mark Sutcliffe. All have grown with the Group over an average of nearly twenty years and they truly are at the heart of Foster + Partners.

I would like to congratulate every member of our expanding team for their contribution, enthusiasm, commitment and energy. There are so many that deserve to be singled out by name, but regrettably space does not permit. Many of the team are in London, but they are also in sixty cities spread across more than twenty countries.

All of us are especially grateful to our clients. We exist by virtue of their patronage and we are proud to serve them. We also deeply appreciate the many collaborations, not only with other architects, but the wide range of consultants, engineers and constructors who come together with us to make things happen. On the continued restructuring of our Group, I would also like to express my gratitude to our advisors who have worked tirelessly on so many different fronts.

The name of Foster + Partners has become synonymous with leading edge design, excellence and innovation. I believe that our leadership in these fields is the outcome of being good listeners to our clients, customers and user groups. This has enabled us to continue to evolve our design skills, judgement and advocacy.

Since the early nineteen seventies we have pioneered issues of sustainability – long before the coining of “green” - and before they penetrated international consciousness. Therefore we approach our 40<sup>th</sup> anniversary in a spirit of great optimism for the challenges of the future – indeed we are better placed than ever to contribute, grow and prosper over the next forty years.



Lord Foster  
Chairman

14-12-06

**Directors' report  
for the year ended 30 April 2006**

The directors present their report and the audited financial statements of the company and the group for the year ended 30 April 2006

**Change of Name**

The company passed a special resolution on 2<sup>nd</sup> October 2006 to change the company's name from Foster & Partners Limited to Foster + Partners Limited

**Business review****Principal activity and results**

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.

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 £3,933,000 (2005 profit £1,756,000) is transferred to reserves.

The directors do not propose the payment of a dividend (2005 £nil).

**Business environment**

The group operates across a number of geographic and industry sectors. The Global demand in construction has contributed to the growth in the year.

**Strategy**

The group differentiates itself by focussing on leading conceptual designs which accommodate current day demands including, but not limited to, conserving environmental resources, creating signature buildings and enhancing the local environment in which the projects are located.

**Research and development**

The group does not engage in research and development activities in the traditional sense. However a significant factor in the success of the business is the creativity and original thought which goes into each and every project for which the group is engaged.

**Principal risks**

The management of the business and the execution of the group's strategy are subject to a number of risks. These include but are not limited to:

- Attracting and retaining staff of the appropriate calibre,
- The global demand for construction projects,
- Financial risks as described below, and
- Competition within the sector.

**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 (Resigned 14 7 06)
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
M Sutcliffe	

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 other directors have any other beneficial interest in the shares of the company or other group companies.

**Charitable contributions**

During the year the group made direct payments in respect of charitable donations of £18,126 (2005 £11,857). 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.

**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.

**Financial risk management**

The group's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and interest rate risk.

**Credit risk**

The group has implemented policies that require appropriate credit checks on potential clients before projects commence. In addition the group has a policy of requesting fees in advance for a number of its projects.

**Foreign exchange risk**

The group operates in a number of countries and has contracts denominated in non-sterling currencies. The group manages its exposure to foreign exchange movements by converting significant foreign currency cash balances into sterling as soon as practicable. The group does not hold any financial instruments designed to manage fluctuations in foreign exchange rates.

**Interest rate risk**

In order to ensure stability of cash out flows and hence manage the interest rate risk, the group has a policy of fixing the interest rate on a portion of its variable rate debt using interest rate swaps. At 30 April 2006, the group had hedged £2,625,000 of its outstanding debt. The fair value of the interest rate swap at 30 April 2006 was a liability of £3,010.

**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.

**Provision of information to auditors**

Having taken appropriate steps to make themselves and their auditors aware of relevant audit information, the directors are not aware of any such information which has not been made available to the auditors.

**Auditors**

The auditors, 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



G D Phillips  
Company secretary

14<sup>th</sup> DECEMBER .

2006



## Independent auditors' report to the members of Foster + Partners Limited

We have audited the group and parent company financial statements (the "financial statements") of Foster + Partners Limited for the year ended 30 April 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, The note of historical cost profit and losses, the reconciliation of movements in consolidated shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement that is cross referred from the Business Review section of the Directors' Report. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 April 2006 and of the group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

15<sup>th</sup> December 2006

**Consolidated profit and loss account  
for the year ended 30 April 2006**

	Notes	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Turnover	2	<b>50,095</b>	44,513
Other operating income		<b>9</b>	64
Staff costs	4	<b>(31,472)</b>	(28,846)
Depreciation	8	<b>(1,264)</b>	(1,165)
Other operating charges		<b>(10,600)</b>	(11,542)
<b>Operating profit</b>	3	<b>6,768</b>	3,024
Interest receivable and similar charges		<b>30</b>	2
Interest payable and similar charges	5	<b>(460)</b>	(494)
<b>Profit on ordinary activities before taxation</b>		<b>6,338</b>	2,532
Taxation	6	<b>(2,405)</b>	(776)
<b>Profit on ordinary activities after taxation</b>	17	<b>3,933</b>	1,756

The above results relate to the continuing operations of the group

## Consolidated statement of total recognised gains and losses for the year ended 30 April 2006

	2006 £'000	2005 £'000
Profit for the financial year	3,933	1,756
Foreign exchange movements	22	(161)
<b>Total recognised gains and losses relating to the period</b>	<b>3,955</b>	<b>1,595</b>

## Note of historical cost profit and loss

	2006 £'000	2005 £'000
Reported profit on ordinary activities before taxation	6,338	2,532
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the re-valued amount	28	74
<b>Historical cost profit on ordinary activities before taxation</b>	<b>6,366</b>	<b>2,606</b>
 Historical cost profit for the year retained after taxation	 <b>3,961</b>	 <b>1,830</b>

## Reconciliation of movement in consolidated shareholders' funds for the year ended 30 April 2006

	2006 £'000	2005 £'000
Profit for the financial period	3,933	1,756
Other recognised gains and losses relating to the year	22	(161)
<b>Net addition to shareholders' funds</b>	<b>3,955</b>	<b>1,595</b>
Opening shareholders' funds	22,080	20,485
<b>Closing shareholders' funds</b>	<b>26,035</b>	<b>22,080</b>

# Consolidated balance sheet

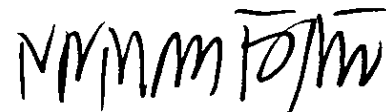
## At 30 April 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	8	<u>11,569</u>	<u>10,890</u>
<b>Current assets</b>			
Debtors	10	32,191	27,937
Investment	11	6,522	6,522
Cash at bank and in hand		<u>3,899</u>	<u>370</u>
		42,612	34,829
Creditors: amounts falling due within one year	12	<u>(23,176)</u>	<u>(17,749)</u>
Net current assets		<u>19,436</u>	<u>17,080</u>
Total assets less current liabilities		<u>31,005</u>	<u>27,970</u>
<b>Creditors: amounts falling due after more than one year</b>			
	13	(4,802)	(5,250)
Provisions for liabilities and charges	15	<u>(168)</u>	<u>(640)</u>
Net assets		<u>26,035</u>	<u>22,080</u>
<b>Capital and reserves</b>			
Called up share capital	16	41	41
Share premium account	17	24	24
Revaluation reserve	17	3,566	3,594
Profit and loss account	17	<u>22,404</u>	<u>18,421</u>
Total shareholders' funds		<u>26,035</u>	<u>22,080</u>

These financial statements were approved by the Board of Directors on

2006

Signed on behalf of the Board of Directors



Lord Foster  
Director

14-12-06



G D Phillips  
Director

# Company balance sheet

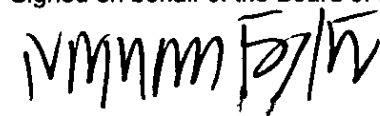
## At 30 April 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	8	11,476	10,769
Investments	9	34	34
		<u>11,510</u>	<u>10,803</u>
<b>Current assets</b>			
Debtors	10	32,185	28,023
Investment	11	6,522	6,522
Cash at bank and in hand		3,688	200
		<u>42,395</u>	<u>34,745</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(23,853)</u>	<u>(18,078)</u>
<b>Net current assets</b>		<u>18,542</u>	<u>16,667</u>
<b>Total assets less current liabilities</b>		<u>30,052</u>	<u>27,470</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(4,802)</u>	<u>(5,250)</u>
<b>Provisions for liabilities and charges</b>	15	<u>(168)</u>	<u>(640)</u>
<b>Net assets</b>		<u>25,082</u>	<u>21,580</u>
<b>Capital and reserves</b>			
Called up share capital	16	41	41
Share premium account	17	24	24
Revaluation reserve	17	3,566	3,594
Profit and loss account	17	21,451	17,921
<b>Total shareholders' funds</b>		<u>25,082</u>	<u>21,580</u>

These financial statements were approved by the Board of Directors on

2006

Signed on behalf of the Board of Directors



Lord Foster  
Director

14-12-06



G D Phillips  
Director

**Consolidated cash flow statement  
for the year ended 30 April 2006**

	Notes	2006 £'000	2005 £'000
Net cash inflow from continuing activities	18	7,240	2,605
Returns on investments and servicing of finance	19	(430)	(492)
Taxation	19	(890)	(333)
Capital expenditure and financial investment	19	<u>(1,944)</u>	<u>(949)</u>
Cash inflow before use of financing		3,976	831
Financing	19	<u>(447)</u>	<u>(750)</u>
Increase in cash	20	<u>3,529</u>	<u>81</u>

## Notes to the financial statements for the year ended 30 April 2006

### 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 by 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 income, expenses, 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.

	2006 £'000	2005 £'000
<b>Geographical segment:</b>		
United Kingdom	22,601	19,120
Far East	3,225	5,969
Continental Europe	11,364	10,431
North America	6,976	5,619
Australasia	325	950
Rest of the World	5,604	2,424
	<b>50,095</b>	<b>44,513</b>

**3 Operating profit**

	2006 £'000	2005 £'000
Operating profit is after charging		
Depreciation on tangible fixed assets		
Owned assets	1,131	1,165
Assets held under finance leases	133	-
Loss on disposal of fixed assets	-	16
Auditors' remuneration – group and company	60	59
Auditors' remuneration for non audit work	42	-

**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

	2006 £'000	2005 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments	1,600	1,846
Amounts paid to defined contribution pension scheme	233	248
	<u>1,833</u>	<u>2,094</u>

There were 14 directors in the company's defined contribution pension scheme during the year (2005: 16)

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

**Transaction with directors**

During the year the maximum amount owed by Lord Foster to the group was £70,000, an amount of £17,000 was outstanding at the year end. No interest was charged.

	2006 £'000	2005 £'000
<b>Employees' staff costs during the year (including directors)</b>		
Wages and salaries	26,876	24,848
Social security costs	2,898	2,394
Pension costs	1,698	1,604
	<u>31,472</u>	<u>28,846</u>

	2006 No	2005 No
Average number of persons employed by the group in the period	<u>629</u>	<u>636</u>

**5 Interest payable and similar charges**

	2006 £'000	2005 £'000
Bank loans and overdrafts	365	494
Other interest payable	95	-
	<u>460</u>	<u>494</u>

**6 Tax on profit on ordinary activities**

	2006 £'000	2005 £'000
<b>Current tax:</b>		
UK corporation tax on the profit for the period	1,394	854
Adjustment in respect of prior years	1,099	-
Group relief	-	(15)
Total current tax charge	<u>2,493</u>	<u>839</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(88)	(63)
Total deferred tax charge	<u>(88)</u>	<u>(63)</u>
<b>Tax on profits on ordinary activities</b>	<u>2,405</u>	<u>776</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

	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	<u>6,338</u>	<u>2,532</u>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2005 30%)	<u>1,901</u>	<u>760</u>
Effects of		
Expenses not deductible for tax purposes	19	18
Other timing differences	(183)	76
Group relief from holding company for which no payment will be made	-	(15)
Capital allowances in excess of depreciation	(343)	-
Prior year adjustments	<u>1,099</u>	<u>-</u>
<b>Current tax charge for the period</b>	<b><u>2,493</u></b>	<b><u>839</u></b>

## 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 £3,502,000 (2005 £1,527,000)

**8 Tangible fixed assets**

<b>Group</b>	<b>Freehold land and buildings £'000</b>	<b>Aircraft &amp; motor vehicles £ '000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 May 2005	9,324	2,175	7,661	19,160
Additions	-	9	1,950	1,959
Disposals	-	(1,878)	(11)	(1,889)
<b>At 30 April 2006</b>	<b>9,324</b>	<b>306</b>	<b>9,600</b>	<b>19,230</b>
<b>Accumulated depreciation</b>				
At 1 May 2005	185	2,097	5,988	8,270
Charge for year	96	43	1,125	1,264
Disposals	-	(1,861)	(12)	(1,873)
<b>At 30 April 2006</b>	<b>281</b>	<b>279</b>	<b>7,101</b>	<b>7,661</b>
<b>Net book value</b>				
<b>At 30 April 2006</b>	<b>9,043</b>	<b>27</b>	<b>2,499</b>	<b>11,569</b>
At 30 April 2005	9,139	78	1,673	10,890

<b>Company</b>	<b>Freehold land and buildings £'000</b>	<b>Aircraft &amp; motor vehicles £ '000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £ '000</b>
<b>Cost or valuation</b>				
At 1 May 2005	9,324	2,175	6,970	18,469
Additions	-	9	1,913	1,922
Disposals	-	(1,878)	-	(1,878)
<b>At 30 April 2006</b>	<b>9,324</b>	<b>306</b>	<b>8,883</b>	<b>18,513</b>
<b>Accumulated depreciation</b>				
At 1 May 2005	185	2,097	5,418	7,700
Chare for year	96	43	1,059	1,198
Disposals	-	(1,861)	-	(1,861)
<b>At 30 April 2006</b>	<b>281</b>	<b>279</b>	<b>6,477</b>	<b>7,037</b>
<b>Net book value</b>				
<b>At 30 April 2006</b>	<b>9,043</b>	<b>27</b>	<b>2,406</b>	<b>11,476</b>
At 30 April 2005	9,139	78	1,552	10,769

**Revaluation of fixed assets**

The group freehold property was valued at open market in May 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.

	<b>30 April 2006</b>	
	<b>Revalued amount</b>	<b>Historical cost amount</b>
	<b>£'000</b>	<b>£'000</b>
<b>Freehold land and buildings</b>		
Cost or valuation	9,000	6,178
Depreciation to date	(270)	(998)
Net book value	<u>8,730</u>	<u>5,180</u>

Included within fixed assets are assets held under finance leases with a net book value of £553,000 (2005 nil).

**9 Fixed asset investments**

	<b>Shares in subsidiary undertaking</b>
	<b>£'000</b>
<b>Company</b>	
At 1 May 2005 and 20 April 2006	<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 the entire issued share capital of the following companies:

<b>Company</b>	<b>Country of registration of incorporation</b>	<b>Principal activity</b>	<b>Shares held</b>	
			<b>Class</b>	<b>%</b>
<b>Subsidiary undertaking</b>				
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**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amount due from director	17	-	17	-
Trade debtors	13,913	9,735	13,884	9,724
Amounts recoverable on contracts	3,873	4,688	3,873	4,688
Amounts owed by group undertakings	12,830	12,384	12,904	12,507
Other debtors	651	30	622	48
Deferred tax assets	397	309	378	267
Prepayments and accrued income	510	791	507	789
	<b>32,191</b>	<b>27,937</b>	<b>32,185</b>	<b>28,023</b>

**11 Investment**

	<b>Group and Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Shares in Foster Group (International) Limited (note 21)	<b>6,522</b>	<b>6,522</b>

**12 Creditors: amounts due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net obligations under finance leases	225	-	225	-
Bank loan (note 14)	750	750	750	750
Payments received on account	9,537	8,306	9,537	8,306
Trade creditors	2,307	1,948	2,232	1,929
Amounts owed to group undertakings	219	219	1,149	903
Corporation tax	4,015	2,387	3,892	2,119
Taxation and social security	1,330	1,470	1,343	1,475
Other creditors	67	56	8	-
Accrual and deferred income	4,726	2,613	4,717	2,596
	<b>23,176</b>	<b>17,749</b>	<b>23,853</b>	<b>18,078</b>

**13 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	302	-	302	-
Bank loan	4,500	5,250	4,500	5,250
	<u>4,802</u>	<u>5,250</u>	<u>4,802</u>	<u>5,250</u>

**14 Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Analysis of borrowings</b>				
Bank loan	5,250	6,000	5,250	6,000
Finance leases	527	-	527	-
	<u>5,777</u>	<u>6,000</u>	<u>5,777</u>	<u>6,000</u>

An analysis of the borrowings is as follows

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year	975	750	975	750
Due after more than one year but not more than two years	989	750	989	750
Between two and five years	2,313	2,250	2,313	2,250
More than five years	1,500	2,250	1,500	2,250
	<u>5,777</u>	<u>6,000</u>	<u>5,777</u>	<u>6,000</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. Part of the interest on the loan is fixed via an interest rate swap as described in the directors' report.



**15 Provisions for liabilities and charges**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Provisions for foreseeable contract losses	<b>168</b>	640	<b>168</b>	640
	<u><b>168</b></u>	<u>640</u>	<u><b>168</b></u>	<u>640</u>

<b>Deferred taxation</b>	<b>Group</b>	<b>Company</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 30 April 2005	309	267
Profit and loss account credit	88	111
<b>Balance at 30 April 2006 (included within debtors)</b>	<u><b>397</b></u>	<u><b>378</b></u>

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

<b>Group</b>	<b>Provided</b>	
	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	<b>397</b>	234
Short term timing differences	-	75
	<u><b>397</b></u>	<u>309</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

<b>Company</b>	<b>Provided</b>	
	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation in excess of capital allowances	<b>378</b>	192
Short term timing differences	-	75
	<u><b>378</b></u>	<u>267</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 2005	640
Utilised	(571)
Profit and loss account charge	99
<b>Balance at 30 April 2006</b>	<b>168</b>

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**

	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Authorised</b>		
45,000 'A' ordinary shares of £1 each	45	45
5,000 'B' ordinary shares of £1 each	5	5
	<b>50</b>	<b>50</b>
<b>Allotted, called up and fully paid</b>		
41,347 'A' ordinary shares of £1 each	41	41

**17 Reserves**

	<b>Share premium account £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Group</b>				
Balance at 1 May 2005	24	3,594	18,421	22,039
Profit for the year	-	-	3,933	3,933
Foreign exchange movements	-	-	22	22
Additional depreciation in respect of revalued assets	-	(28)	28	-
<b>Balance at 30 April 2006</b>	<b>24</b>	<b>3,566</b>	<b>22,404</b>	<b>25,994</b>
<b>Company</b>				
Balance at 1 May 2005	24	3,594	17,921	21,539
Profit for the year	-	-	3,502	3,502
Additional depreciation in respect of revalued assets	-	(28)	28	-
<b>Balance at 30 April 2006</b>	<b>24</b>	<b>3,566</b>	<b>21,451</b>	<b>25,041</b>

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

	2006 £'000	2005 £'000
Operating profit	6,768	3,024
Depreciation of tangible assets	1,264	1,165
Loss on sale of fixed assets	-	16
(Increase)/decrease in creditors	3,349	(517)
(Increase) in debtors	(4,141)	(1,083)
<b>Net cash inflow from operating activities</b>	<b>7,240</b>	<b>2,605</b>

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

	2006 £'000	2005 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	30	2
Interest paid	(460)	(494)
	<u>(430)</u>	<u>(492)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(890)</u>	<u>(333)</u>
<b>Capital expenditure and financial investment</b>		
Net payments to acquire tangible fixed assets	<u>(1,944)</u>	<u>(949)</u>
<b>Financing</b>		
Repayment of borrowings	<u>(447)</u>	<u>(750)</u>

**20 Analysis of net debt**

	At 1 May 2005 £'000	Non-cash movements £'000	Cashflow £'000	At 30 April 2006 £'000
Cash in hand and at bank	370	-	3,529	3,899
Debt due after one year	(5,250)	448	-	(4,802)
Debt due within one year	(750)	(975)	750	(975)
<b>Net debt</b>	<b>(5,630)</b>	<b>(527)</b>	<b>4,279</b>	<b>(1,878)</b>

	2006	2005
Reconciliation of net cash flow to movement in net debt	£'000	£'000
Increase in cash in the year	3,529	81
New finance leases in year	(527)	-
Cash flow from change in debt and lease financing	750	750
<b>Change in net debt resulting from cash flow</b>	<b>3,752</b>	<b>831</b>
Net debt at 1 May	(5,630)	(6,461)
Net debt at 30 April	<u>(1,878)</u>	<u>(5,630)</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 2006 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 Contingent liabilities**

The group has guarantees totalling SFR45,000 (2005: SFR45,000) issued in favour of the Swiss VAT office on 14 June 2001.

## **23 Related party transaction**

During the year aircraft were sold to the Chairman at net book value.

## **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.