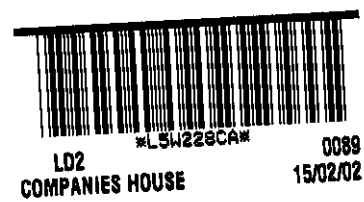


FOSTER & PARTNERS LIMITED

Report and Financial Statements

30 April 2001

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lord Foster of Thames Bank, O.M
S Behling
G Brooker
B J Cooke (resigned 16 August 2000)
I Godwin
S T de Grey C.B.E
B Haw
P Kalkhoven
M Majidi
D A Miller
D B Nelson
R P Partington
G D Phillips
K O Shuttleworth
J D Silver
M Sutcliffe

SECRETARY

G D Phillips (appointed 16 August 2000)
B J Cooke (resigned 16 August 2000)

REGISTERED OFFICE

Riverside Three
22 Hester Road
London SW11 4AN

BANKERS

HSBC Bank plc
27-32 Poultry
London EC2P 2BX

SOLICITORS

Fishburn Morgan Cole
60 Strand
London WC2N 5LR

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Farrer & Co
66 Lincoln's Inn Fields
London WC2 3LH

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS (continued)

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2001.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of architects and designers. The company has subsidiaries in Germany, Hong Kong, 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 £2,371,436 (2000 - £2,199,621) is transferred to the group reserves.

The directors do not propose the payment of a dividend (2000 - £nil).

TRADING REVIEW AND FUTURE PROSPECTS

The level of trading has been in line with expectations and future projections remain good. 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 and to the date of these accounts were:

Lord Foster of Thames Bank, O.M

S Behling

A Bow (appointed 1 May 2001)

G Brooker

B J Cooke (resigned 16 August 2000)

I Godwin (appointed 1 May 2000)

J Drew (appointed 1 May 2001)

S T de Grey C.B.E

B Haw

P Kalkhoven

M Majidi

D A Miller

D B Nelson

R P Partington

G D Phillips

K O Shuttleworth

J D Silver

M Sutcliffe

All directors are potential beneficiaries of the employee benefit trust, referred to in note 23 to the accounts, which owns shares in the ultimate parent company.

Lord Foster, S T de Grey, D B Nelson, K O Shuttleworth, G D Phillips and, until his resignation, B J Cooke have also been 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 directors has any other beneficial interest in the shares of other group companies.

Note 25 to the accounts sets out certain related party transactions.

CHARITABLE CONTRIBUTIONS

During the year the group made charitable donations of £9,011 (2000 - £11,710).

DIRECTORS' REPORT

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 Foster & 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 ongoing 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 gender, race, disability or other irrelevant factor.

The involvement of employees in the group is encouraged through the employee benefit trust (note 23).

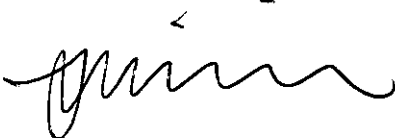
DISABLED PERSONS

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.

AUDITORS

Deloitte & Touche have expressed a willingness to continue in office as auditors. A resolution to reappoint thereon will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G D Phillips
Secretary

16th January 2002

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 and safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOSTER & PARTNERS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 26 which have been prepared under the accounting policies set out on pages 14 and 15.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 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 the affairs of the company and the group as at 30 April 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

11 February 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 April 2001

	Note	2001 £	2000 £
TURNOVER	2	34,510,656	30,237,067
Other operating income		98,292	189,894
Staff costs	3	(21,582,384)	(18,282,883)
Depreciation		(1,345,126)	(1,470,950)
Other operating charges		(8,152,877)	(7,428,975)
OPERATING PROFIT	5	3,528,561	3,244,153
Other interest receivable and similar income		30,202	38,043
Interest payable and similar charges	6	(102,352)	(144,216)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,456,411	3,137,980
Tax on profit on ordinary activities	7	(1,084,975)	(938,359)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>2,371,436</u>	<u>2,199,621</u>

All activities derive from continuing operations.

STATEMENT OF MOVEMENT ON RESERVES
Year ended 30 April 2001

Group	Share premium account £	Profit and loss account £	Total £
Balance at 30 April 2000	23,625	11,796,022	11,819,647
Profit for the year	-	2,371,436	2,371,436
Foreign exchange differences on the translation of net investment	-	21,368	21,368
Balance at 30 April 2001	<u>23,625</u>	<u>14,188,826</u>	<u>14,212,451</u>
Company			
Balance at 30 April 2000	23,625	11,351,964	11,375,589
Profit for the year	-	2,481,029	2,481,029
Balance at 30 April 2001	<u>23,625</u>	<u>13,832,993</u>	<u>13,856,618</u>

CONSOLIDATED BALANCE SHEET
30 April 2001

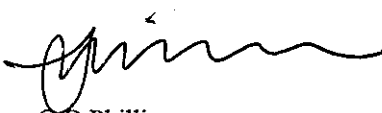
	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	7,813,911	8,200,639
CURRENT ASSETS			
Debtors	11	13,893,521	15,226,988
Investments	12	6,522,015	6,522,015
Cash at bank and in hand		661,937	371,822
		21,077,473	22,120,825
CREDITORS: amounts falling due within one year	13	(14,636,584)	(17,772,487)
NET CURRENT ASSETS		6,440,889	4,348,338
TOTAL ASSETS LESS CURRENT LIABILITIES		14,254,800	12,548,977
CREDITORS: amounts falling due after more than one year	14	(1,002)	(572,062)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(115,921)
NET ASSETS		14,253,798	11,860,994
CAPITAL AND RESERVES			
Called up share capital	17	41,347	41,347
Share premium account		23,625	23,625
Profit and loss account		14,188,826	11,796,022
TOTAL EQUITY SHAREHOLDERS' FUNDS		14,253,798	11,860,994

These financial statements were approved by the Board of Directors on 16th January 2002.

Signed on behalf of the Board of Directors


K O Shuttleworth

Director


G D Phillips

Director

BALANCE SHEET
30 April 2001


	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	7,670,814	8,091,131
Investments	10	33,837	33,837
		<u>7,704,651</u>	<u>8,124,968</u>
CURRENT ASSETS			
Debtors	11	15,283,291	16,611,081
Investment	12	6,522,015	6,522,015
Cash at bank and in hand		425,693	211,961
		<u>22,230,999</u>	<u>23,345,057</u>
CREDITORS: amounts falling due within one year	13	(15,984,269)	(19,346,885)
NET CURRENT ASSETS		<u>6,246,730</u>	<u>3,998,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,951,381	12,123,140
CREDITORS: amounts falling due after more than one year	14	(1,002)	(572,062)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(52,414)	(134,142)
NET ASSETS		<u>13,897,965</u>	<u>11,416,936</u>
CAPITAL AND RESERVES			
Called up share capital	17	41,347	41,347
Share premium account		23,625	23,625
Profit and loss account		13,832,993	11,351,964
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>13,897,965</u>	<u>11,416,936</u>

These financial statements were approved by the Board of Directors on 16th January 2002.

Signed on behalf of the Board of Directors


K O Shuttleworth

Director


G D Phillips

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 April 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	19	7,147,007	3,282,471
Returns on investments and servicing of finance	20	(80,823)	(110,472)
Taxation	20	(1,549,907)	(918,230)
Capital expenditure and financial investment	20	(1,006,955)	(843,694)
Cash flow before use of financing		4,509,322	1,410,075
Financing	20	(3,227,791)	(1,327,300)
Increase in cash		1,281,531	82,775

Reconciliation of net cash flow to movement in net debt (Note 21)

	2001 £	2000 £
Increase in cash in the year	1,281,531	82,775
Cash flow from change in debt and lease financing	3,227,791	(1,796,694)
Change in net debt resulting from cash flows	4,509,322	(1,713,919)
New finance leases	(3,167)	(98,640)
Translation difference	6,967	2,522
	4,513,122	(1,810,037)
Net debt at 1 May	(4,741,996)	(2,931,959)
Net debt at 30 April	(228,874)	(4,741,996)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 April 2001

	2001 £	2000 £
Profit for the financial year	2,371,436	2,199,621
Currency transitional differences on foreign currency net investment	21,368	45,581
Total recognised gains and losses relating to the year	2,392,804	2,245,202
Prior year adjustment	-	2,288,132
Total gains and losses recognised since last annual report	2,392,804	4,533,334

**RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS'
FUNDS****Year ended 30 April 2001**

	2001 £	2000 £
Profit for the financial year	2,371,436	2,199,621
Other recognised gains and losses relating to the year	21,368	45,581
Net addition to shareholders' funds	<u>2,392,804</u>	<u>2,245,202</u>
Opening shareholders' funds	<u>11,860,994</u>	<u>9,615,792</u>
Closing shareholders' funds	<u><u>14,253,798</u></u>	<u><u>11,860,994</u></u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

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

Employee Benefit Trust

In accordance with the requirements of UITF 13, the trust is accounted for as though it were a branch of Foster & Partners Limited.

Joint arrangements that are not entities

In accordance with the requirements of FRS 9, 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

Depreciation is provided to write off the cost of fixed assets in equal annual instalments over the estimated useful economic lives of assets. The estimated useful economic lives are as follows:

Freehold buildings	-	50 years
Motor vehicles	-	4 years
Aircraft	-	4 to 8 years
Fixtures, fittings and equipment	-	3 to 8 years

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

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 transaction 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 year are translated using the average exchange rates for the year. 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.

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****1. ACCOUNTING POLICIES (continued)****Accounting for contracts**

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. 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 payments received on account.

Full provision is made for any foreseeable losses. In those cases where provisions are required, these are included within creditors.

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 costs

The company operates a defined contribution pension scheme for the benefit of employees. Payments are charged to the profit and loss account in the year they are incurred.

Payments made by the company 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 company. The analysis by geographical area is set out below:

	2001 £	2000 £
Geographical segment:		
United Kingdom	25,691,388	21,913,390
Middle East	86,796	501,200
Far East	1,723,504	3,341,091
Continental Europe	4,882,439	3,357,262
Rest of the World	2,126,529	1,124,124
	<u>34,510,656</u>	<u>30,237,067</u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2001 £	2000 £
Directors' emoluments		
Fees and remuneration for management services	3,742,630	2,789,427
Amounts paid to defined contribution pension scheme	411,311	309,330
	<u>4,153,941</u>	<u>3,098,757</u>

There were 14 directors in the company's defined contribution pension scheme during the year (2000 – 14).

Remuneration of the highest paid director	<u>1,185,408</u>	<u>890,325</u>
Employees' staff costs during the year (including directors)	£	£
Wages and salaries	18,649,893	15,771,202
Social security costs	1,804,847	1,635,071
Pension costs	1,127,644	876,610
	<u>21,582,384</u>	<u>18,282,883</u>
	No.	No.
Average number of persons employed by the group in the year	<u>542</u>	<u>484</u>

4. TRANSACTIONS WITH DIRECTORS

During the year the maximum amount owed by Lord Foster to the company was £402,887 which was fully paid by the year end.

5. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging:		
Depreciation on tangible fixed assets		
- owned assets	1,317,969	1,446,447
- leased assets	27,159	24,503
Loss on disposal of fixed assets	52,932	297,278
Operating lease rentals - plant and machinery	10,518	18,862
- other assets	39,167	173,441
Auditors' remuneration in respect of audit	115,234	51,422
Remuneration of auditors for non-audit work	179,485	92,763
Exceptional item	-	537,188
	<u></u>	<u></u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts	99,557	141,058
Lease finance charges	2,795	3,158
	<u>102,352</u>	<u>144,216</u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2001

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Based on profits for the year		
United Kingdom corporation tax	1,185,761	1,167,192
Overseas taxation	13,379	42,064
Deferred taxation	(115,921)	(84,079)
Adjustment in respect of prior years		
United Kingdom corporation tax	1,756	(186,818)
	<u>1,084,975</u>	<u>938,359</u>

8. PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss has not been presented in these financial statements. The company's profit for the financial year amounted to £2,481,029 (2000 - £3,656,137).

9. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Aircraft and motor vehicles £	Fixtures, fittings, and equipment £	Total £
Cost				
At 1 May 2000	6,160,165	2,031,393	5,327,144	13,518,702
Exchange rate adjustment	-	-	(2,500)	(2,500)
Additions	-	24,031	986,941	1,010,972
Disposals	-	-	(261,575)	(261,575)
At 30 April 2001	<u>6,160,165</u>	<u>2,055,424</u>	<u>6,050,010</u>	<u>14,265,599</u>
Accumulated depreciation				
At 1 May 2000	475,433	798,579	4,044,051	5,318,063
Exchange rate adjustment	-	-	(3,710)	(3,710)
Charge for the year	123,203	387,410	834,515	1,345,128
Disposals	-	-	(207,793)	(207,793)
At 30 April 2001	<u>598,636</u>	<u>1,185,989</u>	<u>4,667,063</u>	<u>6,451,688</u>
Net book value				
At 30 April 2001	<u>5,561,529</u>	<u>869,435</u>	<u>1,382,947</u>	<u>7,813,911</u>
At 30 April 2000	<u>5,684,732</u>	<u>1,232,814</u>	<u>1,283,093</u>	<u>8,200,639</u>

Included above are assets held under finance leases or hire purchase contracts with net book values of £40,739 (2000 - £49,899).

NOTES TO THE ACCOUNTS
Year ended 30 April 2001

9. TANGIBLE FIXED ASSETS (continued)

Company	Freehold land and buildings £	Aircraft and motor vehicles £	Fixtures, fittings, and equipment £	Total £
Cost				
At 1 May 2000	6,160,165	2,031,393	4,877,462	13,069,020
Additions	-	24,031	885,819	909,850
Disposals	-	-	(225,489)	(225,489)
At 30 April 2001	6,160,165	2,055,424	5,537,792	13,753,381
Accumulated depreciation				
At 1 May 2000	475,433	798,579	3,703,877	4,977,889
Charge for the year	123,203	387,410	766,620	1,277,233
Disposals	-	-	(172,555)	(172,555)
At 30 April 2001	598,636	1,185,989	4,297,942	6,082,567
Net book value				
At 30 April 2001	5,561,529	869,435	1,239,850	7,670,814
At 30 April 2000	5,684,732	1,232,814	1,173,585	8,091,131

Included above are assets held under finance leases or hire purchase contracts with net book values of £40,739 (2000 - £49,899).

10. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 May 2000 and 30 April 2001	3,711,583	80	3,711,663
Provision for impairment			
At 1 May 2000 and 30 April 2001	3,677,746	80	3,677,826
Net book value			
At 30 April 2001	33,837	-	33,837
At 30 April 2000	33,837	-	33,837

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.

NOTES TO THE ACCOUNTS

Year ended 30 April 2001

10. FIXED ASSET INVESTMENTS (continued)

Holdings of more than 20%

The company holds all of the issued share capital of the following companies in addition to the interest disclosed under note 12 below:

Company	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
Subsidiary undertakings				
Foster and Partners (Japan) Limited	England & Wales	Architects	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	Building design	Ordinary	100
Foster Germany Limited	England & Wales	Dormant	Ordinary	100
Monster Design Limited	England & Wales	Dormant	Ordinary	100
Foster Aviation Limited	United States	Dormant	Ordinary	100

As at 24 October 2000 Monster Design Limited was dissolved.

11. DEBTORS

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Trade debtors	9,830,581	6,870,374	9,408,800	6,665,855
Amounts recoverable on contracts	3,482,812	4,910,971	3,474,656	4,842,280
Amounts owed by group undertakings	-	-	1,924,309	1,759,858
Corporation tax recoverable	128,006	70,409	106,919	58,901
Other debtors	173,512	3,137,601	115,966	3,053,884
Prepayments and accrued income	278,610	237,633	252,641	230,303
	<u>13,893,521</u>	<u>15,226,988</u>	<u>15,283,291</u>	<u>16,611,081</u>

12. INVESTMENT HELD AS CURRENT ASSET

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Shares in Foster Holdings Limited	<u>6,522,015</u>	<u>6,522,015</u>	<u>6,522,015</u>	<u>6,522,015</u>

At 30 April 2001 the Foster & Partners Employee Benefit Trust owned 24,840 (2000 – 24,840) shares in Foster Holdings Limited (see note 23), representing 49.6% of the entire issued share capital of that company.

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Other loans (note 15)	-	2,500,000	-	2,500,000
Bank loans and overdrafts (note 15)	859,854	2,013,900	859,854	2,013,900
Obligations under finance lease (note 15)	29,955	27,856	29,955	27,856
Payments received on account	8,025,625	7,375,755	7,891,471	7,350,705
Trade creditors	2,397,141	1,558,835	2,373,990	1,548,008
Amounts owed to group undertakings	219,304	219,304	1,834,216	2,029,776
Corporation tax	920,249	1,211,663	865,570	1,079,851
Taxation and social security	1,708,395	2,457,287	1,708,395	2,437,840
Other creditors	43,034	94,910	28,360	92,740
Accruals and deferred income	433,027	312,977	392,458	266,209
	<u>14,636,584</u>	<u>17,772,487</u>	<u>15,984,269</u>	<u>19,346,885</u>

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

At 30 April 2001 the employee benefit trust (note 23) had borrowed £1,198,000 (2000 - £1,198,000) from Foster And Partners (Hong Kong) Limited. There is no interest payable on this loan.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loan (note 15)	-	543,716	-	543,716
Obligations under finance lease (note 15)	1,002	28,346	1,002	28,346
	<u>1,002</u>	<u>572,062</u>	<u>1,002</u>	<u>572,062</u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2001

15. BORROWINGS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Analysis of borrowings				
Other loan	-	2,500,000	-	2,500,000
Bank loan	624,337	1,323,716	624,337	1,323,716
Bank overdraft	235,517	1,233,900	235,517	1,233,900
Finance lease	30,957	56,202	30,957	56,202
	<u>890,811</u>	<u>5,113,818</u>	<u>890,811</u>	<u>5,113,818</u>
Due within one year	890,809	4,541,756	890,809	4,541,756
Due after more than one year	<u>1,002</u>	<u>572,062</u>	<u>1,002</u>	<u>572,062</u>
	<u>890,811</u>	<u>5,113,818</u>	<u>890,811</u>	<u>5,113,818</u>

An analysis of the bank loan is as follows

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Due within one year	624,337	780,000	624,337	780,000
Due after more than one year but not more than two years	-	543,716	-	543,716
	<u>624,337</u>	<u>1,323,716</u>	<u>624,337</u>	<u>1,323,716</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's base rate.

An analysis of the finance lease is as follows:

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Due within one year	29,955	27,856	29,955	27,856
Due after more than one year but not more than two years	1,002	27,857	1,002	27,857
Due after more than two years but not more than five years	-	489	-	489
	<u>30,957</u>	<u>56,202</u>	<u>30,957</u>	<u>56,202</u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****16. PROVISIONS FOR LIABILITIES AND CHARGES****Deferred taxation**

	Group 2001 £	Company 2001 £
Balance at 30 April 2000	115,921	134,142
Profit and loss account charge	(115,921)	(81,728)
Balance at 30 April 2001	-	52,414

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

Group

	Provided 2001 £	2000 £	Unprovided 2001 £	2000 £
Capital allowances in excess of depreciation	(459,762)	(350,100)	(19,961)	-
Revenue losses	(32,786)	(26,527)	(197,266)	-
Other	492,548	492,548	-	-
	-	115,921	(217,227)	-

Company

	Provided 2001 £	2000 £	Unprovided 2001 £	2000 £
Capital allowances in excess of depreciation	(407,348)	(331,879)	-	-
Other	459,762	466,021	-	-
	52,414	134,142	-	-

17. CALLED UP SHARE CAPITAL

	2001 £	2000 £
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
Called up, allotted and fully paid		
41,347 'A' ordinary shares of £1 each	41,347	41,347

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****18. COMMITMENT UNDER OPERATING LEASES**

As at 30 April 2001, the group was committed to making the following payment during the next year in respect of operating leases:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	39,167	-	-	10,518
In two to five years	-	-	26,386	-
	<u>39,167</u>	<u>-</u>	<u>26,386</u>	<u>10,518</u>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	3,528,561	3,244,153
Depreciation of tangible assets	1,345,128	1,470,950
Loss on sale of fixed assets	52,932	201,531
Decrease/(increase) in debtors	1,413,806	(2,125,645)
Increase in creditors	806,580	491,482
Net cash inflow from operating activities	<u><u>7,147,007</u></u>	<u><u>3,282,471</u></u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2001

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	30,202	38,043
Interest paid	(108,230)	(145,357)
Interest element of finance lease rental payments	(2,795)	(3,158)
	<u>(80,823)</u>	<u>(110,472)</u>
Taxation		
Corporation tax paid	(1,549,907)	(918,230)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(1,007,805)	(984,948)
Receipts from sales of tangible fixed assets	850	141,174
Purchase of trade investment	-	80
	<u>(1,006,955)</u>	<u>(843,694)</u>
Financing		
Repayment of borrowings	(699,379)	(660,868)
(Decrease)/increase in short-term borrowings	(2,500,000)	2,500,000
Capital element of hire purchase contracts	(28,412)	(42,438)
Purchase of own shares	-	(3,123,994)
	<u>(3,227,791)</u>	<u>(1,327,300)</u>

21. ANALYSIS OF NET DEBT

	At 1 May 2000 £	Cash flow £	Other non-cash Changes £	Exchange Movement £	At 30 April 2001 £
Cash in hand and at bank	371,822	283,148	-	6,967	661,937
Bank overdrafts	(1,233,900)	998,383	-	-	(235,517)
		<u>1,281,531</u>			
Debt due after one year	(543,716)	543,716	-	-	-
Debt due within one year	(3,280,000)	2,655,663	-	-	(624,337)
Finance leases	(56,202)	28,412	(3,167)	-	(30,957)
		<u>3,227,791</u>			
Net debt	<u>(4,741,996)</u>	<u>4,509,322</u>	<u>(3,167)</u>	<u>6,967</u>	<u>(228,874)</u>

NOTES TO THE ACCOUNTS**Year ended 30 April 2001****22. MAJOR NON-CASH TRANSACTIONS**

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £3,167.

23. EMPLOYEE BENEFIT TRUST

The employee benefit trust was established to enable the trustees to purchase or sell shares in Foster Holdings 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 Holdings 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. In accordance with the requirements of UITF 13, the trust is treated in these financial statements as though it were a branch of the sponsoring company. That is, the trust is included within the individual balance sheet, and profit and loss account of Foster & Partners Limited.

There were no contributions paid during the year to the employee benefit trust (2000 - £3,130,000) by Foster & Partners Limited. During the year, loans totalling £275,700, £55,000 each to ST de Grey, DB Nelson, GD Phillips and KO Shuttleworth and £55,700 to BJ Cooke, all of whom were directors of the company, were repaid to the employee benefit trust. At the end of the year the trust owned 24,840 (2000- 24,840) ordinary shares of £1 each in the ultimate holding company. 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 to employees or have been conditionally gifted to them.

During the year B J Cooke sold his shares to the remaining shareholders, excluding the trust and repaid his loan in full.

24. CONTINGENT LIABILITIES

The group has guarantees totalling £490,451 relating to two contracts in which it has been involved. These all relate to performance bonds.

25. RELATED PARTY TRANSACTIONS

Foster & Partners Limited invested in the issued share capital of a company called East Wing Limited. The total issued share capital of that company is £100. Until its liquidation on 16 July 2001, Foster & Partners Limited owned 80 'A' ordinary shares of £1 each. The entire remainder of the shares were classified as 'B' ordinary shares of 1p each, and were owned by Lord Foster and his wife. Lord Foster is a director of Foster & Partners Limited and his shareholdings in the group are set out in the Directors' Report. Each issued share has equal voting rights. Foster & Partners Limited had only approximately 3.85% of the voting rights. East Wing Limited has been treated in these financial statements as an investment.

On 2 April 2001 the loan note for £2,500,000, issued by East Wing Limited in relation to the grant of a long leasehold interest in the prior year, was cancelled.

During the year the £2,500,000 loan made by Lord Foster to the company in the prior year was cancelled.

26. POST BALANCE SHEET EVENTS

On 16 July 2001 East Wing Limited, a company in which the company held shares, was liquidated.

On 20 December 2001, the shareholders of Foster Holdings Limited agreed to sell the entire issued share capital to Foster Group (International) Limited, a company incorporated on 5 December 2001. The total consideration for the sale of the shares was satisfied by the issue of unsecured loan notes with a nominal value of £12,616,217 which will be redeemed at par in five equal annual instalments commencing on the first anniversary of the date of issue and by the allotment of ordinary redeemable shares in the capital of Foster Group (International) Limited. The ultimate controlling party continues to be Lord Foster of Thames Bank, OM. Since the year end an unsecured, interest free advance of £3,470,000 has been made by Foster & Partners Limited to Lord Foster a director of the group. This advance has no predetermined repayment date.

NOTES TO THE ACCOUNTS

Year ended 30 April 2001

27. ULTIMATE PARENT COMPANY

The directors regard Foster Holdings Limited, a company incorporated in Great Britain, as the ultimate and immediate parent company.

The directors consider Lord Foster of Thames Bank, O.M. as the ultimate controlling party.

Foster Holdings Limited prepares consolidated accounts which include the accounts of Foster & Partners Limited. These accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.