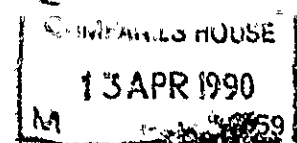


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FOSTER ASSOCIATES LIMITED
DIRECTORS REPORT
AND
FINANCIAL STATEMENTS
for the year ended
30 APRIL 1989



FOSTER ASSOCIATES LIMITED

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DIRECTORS

N R Foster (Chairman)

W Foster (Died 15 January 1989)
G Graham (Resigned 24 July 1989)
K Shuttleworth
D Nelson
S S Chhabra
C Seddon

G D Phillips
B J Cooke (Appointed 3 January 1989)
S T de Grey
M Francis (Resigned 1 December 1989)
A F M Beeley (Resigned 1 December 1989)

DIRECTORS REPORT

The directors present their report and financial statements for the year ended 30 April 1989.

RESULTS AND DIVIDENDS

The group's profit for the year after taxation amounted to £357,162 (1988 £9,265)

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activity of the group is that of architects.

The level of trading during the year has increased significantly and future prospects remain good.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

DIRECTORS

The present members of the board and those who served for only part of the year are shown at the head of this report. All the directors served throughout the year except where otherwise indicated.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions were made during the year. Charitable donations within the United Kingdom amounted to £5,722.

AUDITORS

A resolution to re-appoint BDO Binder Hamlyn as auditors will be proposed at the forthcoming annual general meeting.

Registered office:

Riverside Three
Albert Wharf
22 Hester Road
London SW11 4AN

BY ORDER OF THE BOARD


B J Cooke
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
FOSTER ASSOCIATES LIMITED

We have audited the financial statements on pages 3 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 30 April 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Limited Member

Chartered Accountants

24 March 1990

FOSTER ASSOCIATES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 April 1989

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	Notes	1989 £	1988 £
TURNOVER	2	7,924,810	6,363,154
Operating costs	3	7,241,025	6,315,833
		<u>683,785</u>	<u>47,321</u>
Other operating income		5,032	27,353
Interest receivable	4	2,898	14,580
		<u>691,715</u>	<u>89,254</u>
Interest payable	5	(87,540)	(33,182)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>604,175</u>	<u>56,072</u>
Tax on ordinary activities	6	(247,013)	(46,807)
PROFIT FOR THE FINANCIAL YEAR	7	<u>357,162</u>	<u>9,265</u>
Retained profits brought forward		(236,637)	(245,902)
ACCUMULATED SURPLUS/(LOSS) CARRIED FORWARD		<u>£ 120,525</u> =====	<u>£ (236,637)</u> =====

FOSTER ASSOCIATES LIMITED

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CONSOLIDATED BALANCE SHEET at 30 APRIL 1989

	Notes	£	1989	£	£	1988	£
FIXED ASSETS							
Tangible fixed assets	8		1,197,463			1,507,794	
CURRENT ASSETS							
Stock	1	182,881			-		
Debtors	10	3,843,415			2,210,979		
Cash at bank and in hand		284,304			76,340		
			4,310,600		2,287,319		
CREDITORS: Amounts falling due within one year:							
Fees received in advance		2,937,931			2,316,747		
Other creditors	11	2,383,600			1,598,044		
NET CURRENT LIABILITIES							
			(1,010,931)			(1,627,472)	
TOTAL ASSETS LESS CURRENT LIABILITIES							
			186,532			(119,678)	
PROVISION FOR LIABILITIES AND CHARGES							
Deferred taxation	12	(285)			(51,237)		
			(285)			(51,237)	
NET ASSETS							
			£ 186,247			£ (170,915)	
CAPITAL AND RESERVES							
Called up share capital	13		40,099			40,099	
Share premium account			23,625			23,265	
Capital reserve			1,998			1,998	
Profit and loss account			120,525			(236,637)	
			£ 186,247			£ (170,915)	

Signed on behalf of the board

G D Phillips *G D Phillips*) DirectorsK Shuttleworth *K Shuttleworth*)

Dated: 29 March 1990

FOSTER ASSOCIATES LIMITED

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BALANCE SHEET at 30 APRIL 1989

	Notes	1989	1988
		£	£
FIXED ASSETS			
Tangible fixed assets	8	1,143,109	1,452,992
Investments	9	27,845	27,845
		<u>1,170,954</u>	<u>1,480,837</u>
CURRENT ASSETS			
Stock	1	182,881	-
Amount owed by group companies		26,148	24,147
Debtors	10	3,568,911	2,044,790
Cash at bank and in hand		271,240	19,402
		<u>4,049,180</u>	<u>2,088,339</u>
CREDITORS: Amounts falling due within one year:			
Fees received in advance		2,937,931	2,316,747
Other creditors	11	2,166,257	1,381,369
		<u>-----</u>	<u>-----</u>
NET CURRENT LIABILITIES		(1,055,008)	(1,609,777)
		<u>-----</u>	<u>-----</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		115,946	(128,940)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	(285)	(51,237)
		<u>-----</u>	<u>-----</u>
NET ASSETS/(LIABILITIES)		£ 115,661	£ (180,177)
		<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES			
Called up share capital	13	40,099	40,099
Share premium account		23,625	23,625
Profit and loss account		51,937	(243,901)
		<u>£ 115,661</u>	<u>£ (180,177)</u>
		<u>=====</u>	<u>=====</u>

Signed on behalf of the board

G D Phillips

Directors

K Shuttleworth

Dated: 29 March 1990

FOSTER ASSOCIATES LIMITED

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STATEMENT OF GROUPS SOURCE AND APPLICATION OF FUNDS

for the year ended 30 APRIL 1989

	£	1989	£	1988	£
FUNDS GENERATED FROM OPERATIONS					
Profit on ordinary activities before taxation		604,175		56,072	
Depreciation		463,001		445,957	
Loss on sale of fixed assets		14,232		2,475	
		-----		-----	
NET FUNDS GENERATED FROM OPERATIONS		1,081,408		504,504	
Fixed assets acquired		(168,902)		(392,368)	
Proceeds of sale of fixed assets		2,000		274,940	
		-----		-----	
		914,506		387,076	
(Additional)/reduced working capital					
Stock	(182,881)		-		
Debtors	(1,632,436)		(350,006)		
Creditors (excluding bank overdraft and corp.tax)	1,344,943		18,672		
	-----		-----		
		(470,374)		(331,334)	
Increase/(Decrease) in liquid funds		£ 444,132		£ 55,742	
		=====		=====	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 APRIL 1989

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Accounting convention

The financial statements have been prepared under the historical cost convention.

The group accounts consolidate the financial statements of the company and of its subsidiaries for the year ended 30 April 1989.

b) Tangible fixed assets and depreciation

Assets acquired under finance leases are capitalised at fair values and are depreciated over the lower of the lease period or the asset's useful life. Interest implicit in lease agreements is written off over the lease period.

Depreciation is provided on all tangible assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the term of the lease
Furniture, fixtures and equipment	over 5 to 8 years
Motor vehicles	over 4 years
Aircraft	over 5 to 8 years

c) Stock

Stock is stated at the lower of cost and net realisable value.

d) Accounting for contracts

Contracts are assessed according to their stage of completion and where appropriate attributable profit together with costs incurred are recorded as turnover.

The amount by which recorded turnover exceeds payments on account is classified as amounts recoverable on contracts in debtors. Payments on account in excess of turnover are recorded in creditors.

Estimated losses in excess of turnover are included in provisions for liabilities and charges.

NOTES TO THE FINANCIAL STATEMENTS (continued)

e) Deferred taxation

Deferred taxation is provided at the anticipated tax rate on differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, except where the tax deferral is expected to continue for the foreseeable future.

f) Foreign currencies

Transactions in foreign currencies are included at the rate of exchange ruling at the date of each transaction. Assets and liabilities expressed in foreign currency are translated at the year end rate. Exchange differences are dealt with through the profit and loss account.

g) TURNOVER

Turnover represents fees invoiced in the ordinary course of business, excluding value added tax, less deductions for amounts not yet earned.

2) GEOGRAPHICAL ANALYSIS OF TURNOVER

	1989 £	1988 £
United Kingdom	4,967,276	3,835,121
Far East	1,513,289	1,475,069
Europe	1,438,781	1,454,238
Rest of the World	5,464	692,997
	<hr/>	<hr/>
	£ 7,924,810	£ 6,363,154
	=====	=====

FOSTER ASSOCIATES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OPERATING COSTS

	1989 £	1988 £
The amount stated comprises:		
Change in stocks of finished goods and amounts recoverable on contracts	(599,055)	(161,580)
Depreciation	463,001	445,959
Staff costs	3,250,227	2,367,737
Other operating costs	4,126,852	3,663,717
	-----	-----
	£ 7,241,025	£ 6,315,833
	=====	=====

	1989 £	1988 £
The above includes amounts charged (credited) for:		
Hire of equipment	11,388	26,342
Loss on disposal of fixed assets	14,232	2,475
Directors remuneration (see note 15)	674,255	574,000
Auditors remuneration	13,000	13,000
(Gain)/Loss on exchange	(9,486)	37,786
	=====	=====

4. INTEREST RECEIVABLE

	1989	1988
Interest on bank deposits	£ 2,898	14,580
	=====	=====

5. INTEREST PAYABLE

	1989 £	1988 £
Interest on bank and other borrowings repayable within 5 years	61,455	19,572
Interest under finance leases repayable within 5 years	26,085	13,610
	-----	-----
	£ 87,540	£ 33,182
	=====	=====

FOSTER ASSOCIATES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON ORDINARY ACTIVITIES

	1988 £	1987 £
UK corporation tax charge at a rate of 35% (1987:31.3%)	295,324	14,557
Transfer from deferred taxation (note 12):	(80,562)	28,140
Current year	29,610	-
Prior year adjustment	2,641	-
Overseas taxation		
	<u>£ 247,013</u>	<u>£ 46,807</u>

7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	1989 £	1988 £
Dealt with in the financial statements of the holding company	295,838	7,295
Dealt with in the financial statements of subsidiary companies	61,324	1,970
	<u>£ 357,162</u>	<u>£ 9,265</u>

8. TANGIBLE FIXED ASSETS

(a) GROUP

	Leasehold land and buildings £	Aircraft and motor vehicles £	Studios furniture fittings and equipment £	Total £
Cost				
At 1 May 1988	355,746	801,331	1,572,148	2,729,225
Additions	65,425	11,790	91,687	168,902
Disposals	-	(25,703)	(11,252)	(36,955)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 30 April 1989	<u>421,171</u>	<u>787,418</u>	<u>1,652,583</u>	<u>2,861,172</u>
Depreciation				
At 1 May 1988	-	476,941	744,490	1,221,431
Charge for the year	-	145,719	317,282	463,001
Disposals	-	(13,739)	(6,984)	(20,723)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 30 April 1989	<u>-</u>	<u>608,921</u>	<u>1,054,788</u>	<u>1,663,709</u>
Net book value				
At 30 April 1989	<u>£ 421,171</u>	<u>£ 178,497</u>	<u>£ 597,795</u>	<u>£ 1,197,463</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 30 April 1988	<u>£ 355,746</u>	<u>£ 324,390</u>	<u>£ 827,658</u>	<u>£ 1,507,794</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 (b) COMPANY

	Leasehold land and buildings £	Aircraft and motor vehicles £	Studios furniture fittings and equipment £	Total £
Cost				
At 1 May 1988	327,744	797,927	1,537,216	2,662,887
Additions	65,425	11,790	88,592	165,807
Disposals	-	(25,703)	(18,628)	(44,331)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 30 April 1989	<u>393,169</u>	<u>784,014</u>	<u>1,607,180</u>	<u>2,784,363</u>
Depreciation				
At 1 May 1988	-	476,266	733,689	1,209,895
Charge for the year	-	144,862	307,411	452,273
Disposals	-	(13,739)	(7175)	(20,914)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 30 April 1989	<u>-</u>	<u>607,329</u>	<u>1,033,925</u>	<u>1,641,254</u>
Net Book value				
At 30 April 1989	£ 393,169 =====	£ 176,685 =====	£ 573,255 =====	£1,143,109 =====
At 30 April 1988	£ 327,744 =====	£ 321,721 =====	£ 803,527 =====	£1,452,992 =====

8 (c)

The net book value of the aircraft held under the finance lease was £114,926 at 30 April 1989. The related depreciation charge was £122,052.

Additions to fixed assets include own work capitalised of £ NIL (1988 - £78,998)

8 (d)

The leasehold land and buildings represent the company's interest in the development of its future offices in Battersea, London. No depreciation has been charged during the year as the development is not yet complete.

The directors consider that the company's leasehold interest in this property is substantially greater than the carrying value of £ 393,169.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS

Company	1989 £	1988 £
At cost		
99 shares of £1 each fully paid in Office Design Services Limited	99	99
120 shares of HFL 1,000 each fully paid in Foster Nederland BV	27,746	27,746
	<hr/>	<hr/>
	£ 27,845	£ 27,845
	=====	=====

<u>Company</u>	<u>Country of Incorporation</u>	<u>Principal Activity</u>
Office Design Services Limited	England	Building design
Foster Nederland BV	Holland	Building design
Foster France SA	France	Building design
Foster Japan	England	Architects
Foster Mexico	England	Dormant
Foster Italy	England	Dormant

Office Design Services and Foster Nederland BV are wholly owned subsidiaries of Foster Associates Limited. Foster Nederland BV owns the whole of the issued capital of the remaining companies.

10. DEBTORS

	1989 £	Group 1988 £	1989 £	Company 1988 £
Amounts recoverable on contracts	791,618	341,062	791,618	456,202
Trade debtors	2,141,443	882,430	2,032,618	703,012
Other debtors	624,348	743,658	488,253	641,831
Recoverable taxation	142,536	142,536	142,536	142,536
Prepayments and accrued income	143,470	101,293	113,886	101,209
	<hr/>	<hr/>	<hr/>	<hr/>
	£3,843,415	£2,210,979	£3,568,911	£2,044,790
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CREDITORS: Amounts falling due within one year

	Group		Company	
	1989 £	1988 £	1989 £	1988 £
Bank overdraft	5,002	241,170	-	238,131
Trade creditors	866,666	517,953	709,033	380,212
Corporation tax	337,760	42,436	337,760	42,436
Other creditors	155,035	51,797	147,389	44,473
Accrued charges	613,314	461,566	588,995	404,506
Amounts due under finance				
lease contracts	-	72,797	-	72,797
Other taxes and social security	405,823	210,325	373,764	189,498
Amount owed to group company	-	-	9,316	9,316
	<u>£2,383,600</u>	<u>£1,598,044</u>	<u>£2,166,257</u>	<u>£1,381,369</u>

12. DEFERRED TAXATION

The provision of £ 285 represents full provision for deferred taxation. The movement in the year was as follows:

	Group and Company £
Balance at 1 May 1988	51,237
Transfer to profit and loss account (note 6)	(50,952)
	<u> </u>
Balance at 30 April 1989	£ 285
	<u> </u>

The balance of deferred taxation comprises:

	£
Accelerated capital allowances	34,829
Short-term timing differences	(34,544)
	<u> </u>
	£ 285
	<u> </u>