

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners
Limited)

Report and Financial Statements

30 April 2000

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



FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

REPORT AND FINANCIAL STATEMENTS 2000

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FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lord Foster of Thames Bank, O.M
S Behling
G Brooker
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
I Godwin

SECRETARY

G D Phillips

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

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS (continued)

AUDITORS

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

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2000.

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 £2,199,621 (1999 - £3,030,724 (as restated)) is transferred to the group reserves.

A number of prior year adjustments have been made to the financial statements explaining the restatement of the retained profit for 1999. These are explained in note 18.

The directors do not propose the payment of a dividend (1999 - £nil).

CHANGE OF NAME

The company passed a special resolution on 26 August 1999 to change the company's name from Sir Norman Foster & Partners Limited to Foster & Partners Limited.

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
G Brooker
B J Cooke (resigned 16 August 2000)
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
I Godwin (appointed 1 May 2000)

All directors are potential beneficiaries of the employee benefit trust, referred to in note 25 to the accounts, and 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 27 to the accounts sets out certain related party transactions, including Lord Foster's investment in East Wing Limited, in which the company has also invested.

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

DIRECTORS' REPORT

CHARITABLE CONTRIBUTIONS

During the year the group made charitable donations of £11,710 (1999 - £11,436).

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 25).

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

BDO Stoy Hayward resigned as auditors on 27 July 2000. The directors appointed Deloitte & Touche as auditors to fill the casual vacancy arising. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them 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

26 February 2001

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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
(formerly Sir Norman Foster & Partners Limited)

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 28 which have been prepared under the accounting policies set out on page 14 and 15.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of 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 2000 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

27 February 2001

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 April 2000

	Note	2000 £	1999 (as restated) £
TURNOVER	2	30,237,067	28,751,401
Change in stocks of finished goods and work in progress		-	(10,148)
Other operating income		189,894	43,068
Staff costs	3	(18,282,883)	(17,827,670)
Depreciation		(1,470,950)	(1,421,886)
Other operating charges	6	(7,428,975)	(5,685,635)
OPERATING PROFIT	5	3,244,153	3,849,130
Other interest receivable and similar income		38,043	107,678
Interest payable and similar charges	7	(144,216)	(197,360)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,137,980	3,759,448
Tax on profit on ordinary activities	8	(938,359)	(728,724)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>2,199,621</u>	<u>3,030,724</u>

All activities derive from continuing operations.

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

STATEMENT OF MOVEMENT ON RESERVES
Year ended 30 April 2000

Group	Share premium account £	Other reserves £	Profit and loss account £	Total £
Balance at 1 May 1999 as previously stated	23,625	1,998	7,260,690	7,286,313
Prior year adjustment (note 18)	-	-	2,288,132	2,288,132
Balance at 1 May 1999 as restated	23,625	1,998	9,548,822	9,574,445
Profit for the year	-	-	2,199,621	2,199,621
Foreign exchange differences on the translation of net investment	-	-	45,581	45,581
Negative goodwill transferred to reserves	-	(1,998)	1,998	-
Balance at 30 April 2000	23,625	-	11,796,022	11,819,647
Company				
Balance at 1 May 1999 as previously stated	23,625	-	5,407,695	5,431,320
Prior year adjustment (note 18)	-	-	2,288,132	2,288,132
Balance at 1 May 1999 as restated	23,625	-	7,695,827	7,719,452
Profit for the year	-	-	3,656,137	3,656,137
Balance at 30 April 2000	23,625	-	11,351,964	11,375,589

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

CONSOLIDATED BALANCE SHEET
Year ended 30 April 2000


	Note	2000 £	1999 (as restated) £
FIXED ASSETS			
Tangible assets	10	8,200,639	11,450,724
CURRENT ASSETS			
Debtors	12	15,226,988	12,980,462
Investments	13	6,522,015	3,398,021
Cash at bank and in hand		371,822	255,701
		22,120,825	16,634,184
CREDITORS: amounts falling due within one year	14	(17,772,487)	(17,064,532)
NET CURRENT ASSETS/(LIABILITIES)		4,348,338	(430,348)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,548,977	11,020,376
CREDITORS: amounts falling due after more than one year	15	(572,062)	(1,204,584)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(115,921)	(200,000)
NET ASSETS		11,860,994	9,615,792
CAPITAL AND RESERVES			
Called up share capital	19	41,347	41,347
Share premium account		23,625	23,625
Other reserves		-	1,998
Profit and loss account		11,796,022	9,548,822
TOTAL EQUITY SHAREHOLDERS' FUNDS		11,860,994	9,615,792

These financial statements were approved by the Board of Directors on 26 February 2001.

Signed on behalf of the Board of Directors


K O Shuttleworth

Director


G D Phillips

Director

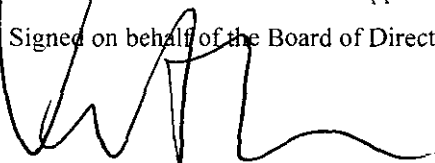
FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

BALANCE SHEET
30 April 2000

	Note	2000 £	1999 (as restated) £
FIXED ASSETS			
Tangible assets	10	8,091,131	11,003,919
Investments	11	33,837	33,837
		<u>8,124,968</u>	<u>11,037,756</u>
CURRENT ASSETS			
Debtors	12	16,611,081	12,668,906
Investment	13	6,522,015	3,398,021
Cash at bank and in hand		211,961	10,678
		<u>23,345,057</u>	<u>16,077,605</u>
CREDITORS: amounts falling due within one year	14	(19,346,885)	(17,949,978)
NET CURRENT ASSETS/(LIABILITIES)		<u>3,998,172</u>	<u>(1,872,373)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,123,140	9,165,383
CREDITORS: amounts falling due after more than one year	15	(572,062)	(1,204,584)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(134,142)	(200,000)
NET ASSETS		<u>11,416,936</u>	<u>7,760,799</u>
CAPITAL AND RESERVES			
Called up share capital	19	41,347	41,347
Share premium account		23,625	23,625
Profit and loss account		11,351,964	7,695,827
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>11,416,936</u>	<u>7,760,799</u>

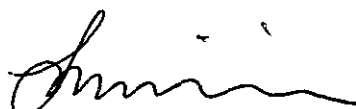
These financial statements were approved by the Board of Directors on 26 February 2001.

Signed on behalf of the Board of Directors



K O Shuttleworth

Director



G D Phillips

Director

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 April 2000

	Note	2000 £	1999 (as restated) £
Net cash inflow from operating activities	21	3,282,471	2,061,574
Returns on investments and servicing of finance	22	(110,472)	(89,682)
Taxation	22	(918,230)	(590,277)
Capital expenditure and financial investment	22	(843,694)	(2,866,981)
Cash flow before use of financing		1,410,075	(1,485,366)
Financing	22	(1,327,300)	(2,447,513)
Increase/(decrease) in cash		<u>82,775</u>	<u>(3,932,879)</u>

Reconciliation of net cash flow to movement in net debt (Note 23)

	2000 £	1999 (as restated) £
Increase/(decrease) in cash in the year	82,775	(3,932,879)
Cash flow from change in debt and lease financing	(1,796,694)	607,622
Change in net debt resulting from cash flows	(1,713,919)	(3,325,257)
New finance leases	(98,640)	-
Translation difference	2,522	2,887
Net (debt)/funds at 1 May	(1,810,037)	(3,322,370)
	(2,931,959)	390,411
Net debt at 30 April	<u>(4,741,996)</u>	<u>(2,931,959)</u>

FOSTER & PARTNERS LIMITED
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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 April 2000

	2000 £	1999 (as restated) £
Profit for the financial year	2,199,621	3,030,724
Currency transitional differences on foreign currency net investment	45,581	(452,201)
Total recognised gains and losses relating to the year	<u>2,245,202</u>	<u>2,578,523</u>
Prior year adjustment (note 18)	<u>2,288,132</u>	
Total gains and losses recognised since last annual report	<u><u>4,533,334</u></u>	

FOSTER & PARTNERS LIMITED
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RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

Year ended 30 April 2000

	2000 £	1999 (as restated) £
Profit for the financial year	2,199,621	3,030,724
Other recognised gains and losses relating to the year	45,581	(452,201)
Net addition to shareholders' funds	<u>2,245,202</u>	<u>2,578,523</u>
Opening shareholders' funds (originally £7,327,660 before adding prior year adjustment of £2,288,132)	9,615,792	7,037,269
Closing shareholders' funds	<u><u>11,860,994</u></u>	<u><u>9,615,792</u></u>

NOTES TO THE ACCOUNTS
Year ended 30 April 2000

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 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.

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

1. ACCOUNTING POLICIES (continued)

Accounting for contracts

Long term contract balances represent costs incurred on specific contracts, net of amounts transferred to costs 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 accounts 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 a provision is 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:

	2000	1999
	£	£
Geographical segment:		
United Kingdom	21,913,390	17,736,396
Middle East	501,200	1,334,182
Far East	3,341,091	5,758,696
Continental Europe	3,357,262	3,766,528
Rest of the World	1,124,124	155,599
	<u>30,237,067</u>	<u>28,751,401</u>

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 (as restated) £
Directors' emoluments		
Fees and remuneration for management services	2,789,427	2,566,152
Amounts paid to defined contribution pension scheme	309,330	291,780
	<u>3,098,757</u>	<u>2,857,932</u>

There were 14 directors in the company's defined contribution pension scheme during the year (1999 – 14).

Remuneration of the highest paid director	<u>890,325</u>	<u>784,555</u>
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Employees' staff costs during the year (including directors)	£	£
Wages and salaries	15,771,202	15,758,694
Social security costs	1,635,071	1,347,023
Pension costs	876,610	721,953
	<u>18,282,883</u>	<u>17,827,670</u>

Average number of persons employed by the group in the year	<u>No.</u> 484	<u>No.</u> 488
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4. TRANSACTIONS WITH DIRECTORS

Details of a loan made by Lord Foster to the company are set out in note 14.

Note 27 describes a loan note transaction in which Lord Foster had an interest.

During the year the maximum amount owed by Lord Foster to the company was £337,202 which was fully paid by the year end.

Other than as described in note 25, no other amounts were payable to or by directors in respect of loans to or from the company or the group.

5. OPERATING PROFIT

	2000 £	1999 £
Operating profit is after charging/(crediting):		
Depreciation on tangible fixed assets		
- owned assets	1,446,447	1,421,886
- leased assets	24,503	-
Loss/(profit) on disposal of fixed assets	297,278	(334,130)
Operating lease rentals - plant and machinery	18,862	37,726
- other assets	173,441	165,108
Auditors' remuneration in respect of audit	51,422	39,175
Remuneration of auditors for non-audit work	92,763	82,848
Exceptional item (note 6)	<u>537,188</u>	<u>-</u>

6. EXCEPTIONAL ITEM

During the year a review was made of potential liabilities relating to overseas taxation. It was concluded that a further provision of £537,188 was to be included in the financial statements.

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 2000

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loans and overdrafts	141,058	196,837
Lease finance charges	3,158	523
	<u>144,216</u>	<u>197,360</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Based on profits for the year		
United Kingdom corporation tax	1,167,192	895,000
Overseas taxation	42,064	138,659
Deferred taxation	(84,079)	(200,000)
Overprovision in prior years		
United Kingdom corporation tax	(186,818)	(104,935)
	<u>938,359</u>	<u>728,724</u>

9. 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 £3,656,137 (1999 - £9,288,293 (as restated)).

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Aircraft and motor vehicles £	Fixtures, fittings, and equipment £	Total £
Cost				
At 1 May 1999	8,443,126	2,028,068	5,404,466	15,875,660
Exchange rate adjustment	-	-	7,934	7,934
Additions	470,846	102,471	581,781	1,155,098
Disposals	(2,753,807)	(99,146)	(667,037)	(3,519,990)
At 30 April 2000	6,160,165	2,031,393	5,327,144	13,518,702
Accumulated depreciation				
At 1 May 1999	439,582	478,004	3,507,350	4,424,936
Exchange rate adjustment	-	-	4,389	4,389
Charge for the year	126,851	388,823	955,276	1,470,950
Disposals	(91,000)	(68,248)	(422,964)	(582,212)
At 30 April 2000	475,433	798,579	4,044,051	5,318,063
Net book value				
At 30 April 2000	5,684,732	1,232,814	1,283,093	8,200,639
At 30 April 1999	8,003,544	1,550,064	1,897,116	11,450,724

Included above are assets held under finance leases or hire purchase contracts with net book values of £49,899 (1999 - £nil).

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 2000

10. TANGIBLE FIXED ASSETS (continued)

Company	Freehold land and buildings £	Aircraft and motor vehicles £	Fixtures, fittings, and equipment £	Total £
Cost				
At 1 May 1999	8,443,126	2,028,068	4,513,934	14,985,128
Additions	470,846	102,471	564,381	1,137,698
Disposals	(2,753,807)	(99,146)	(200,853)	(3,053,806)
At 30 April 2000	6,160,165	2,031,393	4,877,462	13,069,020
Accumulated depreciation				
At 1 May 1999	439,582	478,004	3,063,623	3,981,209
Charge for the year	126,851	388,823	841,107	1,356,781
Disposals	(91,000)	(68,248)	(200,853)	(360,101)
At 30 April 2000	475,433	798,579	3,703,877	4,977,889
Net book value				
At 30 April 2000	5,684,732	1,232,814	1,173,585	8,091,131
At 30 April 1999	8,003,544	1,550,064	1,450,311	11,003,919

Included above are assets held under finance leases or hire purchase contracts with net book values of £49,899 (1999 - £nil).

11. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £	Other investments other than loans £	Total £
Cost			
At 1 May 1999	3,711,583	-	3,711,583
Additions	-	80	80
	3,711,583	80	3,711,663
Provision for impairment			
At 1 May 1999	3,677,746	-	3,677,746
Provision during the year	-	80	80
At 30 April 2000	3,677,746	80	3,677,826
Net book value			
At 30 April 2000	33,837	-	33,837
At 30 April 1999	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.

FOSTER & PARTNERS LIMITED
(formerly Sir Norman Foster & Partners Limited)

NOTES TO THE ACCOUNTS
Year ended 30 April 2000

11. 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 13 below:

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

As at 24 October 2000 Monster Design Limited was dissolved.

12. DEBTORS

	Group		Company	
	2000	1999 (as restated)	2000	1999 (as restated)
	£	£	£	£
Trade debtors	6,870,374	7,404,140	6,665,855	6,245,655
Amounts recoverable on contracts	4,910,971	4,825,510	4,842,280	4,754,281
Amounts owed by group undertakings	-	-	1,759,858	985,563
Corporation tax recoverable	70,409	-	58,901	105,000
Other debtors	3,137,601	581,799	3,053,884	413,088
Prepayments and accrued income	237,633	169,013	230,303	165,319
	<u>15,226,988</u>	<u>12,980,462</u>	<u>16,611,081</u>	<u>12,668,906</u>

Other debtors includes a loan note receivable from East Wing Limited, as described in note 27, which has a repayment date of not later than 25 June 2004, and therefore is potentially receivable more than one year from the balance sheet date.

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13. INVESTMENT HELD AS CURRENT ASSET

	Group		Company	
	2000	1999	2000	1999
	(as restated)		(as restated)	
	£	£	£	£
Shares in Foster Holdings Limited	6,522,015	3,398,021	6,522,015	3,398,021

At 30 April 2000 the Foster & Partners Employee Benefit Trust owned 24,840 (1999 – 17,526) shares in Foster Holdings Limited (see note 25), representing 49.6% of the entire issued share capital of that company.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	(as restated)		(as restated)	
	£	£	£	£
Other loans (note 16)	2,500,000	-	2,500,000	-
Bank loans and overdrafts (note 16)	2,013,900	1,983,076	2,013,900	1,983,076
Obligations under finance lease (note 16)	27,856	-	27,856	-
Payments received on account	7,375,755	8,738,776	7,350,705	8,738,776
Trade creditors	1,558,835	2,073,949	1,548,008	1,992,992
Amounts owed to group undertakings	219,304	219,304	2,029,776	2,125,700
Corporation tax	1,211,663	1,037,046	1,079,851	1,036,000
Taxation and social security	2,457,287	1,913,443	2,437,840	1,667,093
Other creditors	94,910	31,625	92,740	30,762
Accruals and deferred income	312,977	1,067,313	266,209	375,579
	<u>17,772,487</u>	<u>17,064,532</u>	<u>19,346,885</u>	<u>17,949,978</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.

Lord Foster made a loan of £2,500,000 to the company which was still outstanding at the year end and is included within other loans at the year end. No interest is payable by the company to Lord Foster on the £2,500,000 loan made by him for the period to 30 April 2000.

Included within the company's amounts due to group undertakings is a balance of £1,198,000. At 30 April 2000 the employee benefit trust (note 25) had borrowed £1,198,000 (1999 - £1,198,000) from Foster And Partners (Hong Kong) Limited. There is no interest payable on this loan.

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

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loan (note 16)	543,716	1,204,584	543,716	1,204,584
Obligations under finance lease (note 16)	28,346	-	28,346	-
	<u>572,062</u>	<u>1,204,584</u>	<u>572,062</u>	<u>1,204,584</u>

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NOTES TO THE ACCOUNTS
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16. BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Analysis of borrowings				
Other loan	2,500,000	-	2,500,000	-
Bank loan	1,323,716	1,984,584	1,323,716	1,984,584
Bank overdraft	1,233,900	1,203,076	1,233,900	1,203,076
Finance lease	56,202	-	56,202	-
	<u>5,113,818</u>	<u>3,187,660</u>	<u>5,113,818</u>	<u>3,187,660</u>
Due within one year	4,541,756	1,983,076	4,541,756	1,983,076
Due after more than one year	572,062	1,204,584	572,062	1,204,584
	<u>5,113,818</u>	<u>3,187,660</u>	<u>5,113,818</u>	<u>3,187,660</u>

An analysis of the bank loan is as follows

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Due within one year	780,000	780,000	780,000	780,000
Due after more than one year but not more than two years	543,716	780,000	543,716	780,000
Due after more than two years but not more than five years	-	424,584	-	424,584
	<u>1,323,716</u>	<u>1,984,584</u>	<u>1,323,716</u>	<u>1,984,584</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	
	2000	1999	2000	1999
	£	£	£	£
Due within one year	27,856	-	27,856	-
Due after more than one year but not more than two years	27,857	-	27,857	-
Due after more than two years but not more than five years	489	-	489	-
	<u>56,202</u>	<u>-</u>	<u>56,202</u>	<u>-</u>

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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	Group 2000 £	Company 2000 £
Balance at 1 May 1999	200,000	200,000
Profit and loss account charge	(84,079)	(65,858)
Balance at 30 April 2000	<u>115,921</u>	<u>134,142</u>

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

Group

	Provided		Unprovided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances in excess of depreciation	(350,100)	(300,000)	-	-
Employee Benefit Trust	466,021	500,000	-	-
	<u>115,921</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

Company

	Provided		Unprovided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances in excess of depreciation	(331,879)	(300,000)	-	-
Employee Benefit Trust	466,021	500,000	-	-
	<u>134,142</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

18. PRIOR YEAR ADJUSTMENTS

Employee Benefit Trust

A prior year adjustment has been made in respect of the treatment of the employee benefit trust. In the previous year the employee benefit trust had not been included in the individual financial statements of Foster & Partners Limited as recommended by UITF 13. Note 25 discusses the employee benefit trust.

The following adjustments were made in respect of the employee benefit trust:

	As previously stated 1999 £	Adjustment 1999 £	As restated 1999 £
Consolidated profit and loss account			
Other operating charges	(6,528,803)	843,168	(5,685,635)
Other interest receivable and similar charges	79,466	28,212	107,678
Interest payable and similar charges	(197,285)	(75)	(197,360)
Tax on profit on ordinary activities	(928,724)	200,000	(728,724)
		<u>1,071,305</u>	
Consolidated balance sheet			
Debtors	13,900,429	(919,967)	12,980,462
Investments	-	3,398,021	3,398,021
Cash at bank and in hand	245,023	10,678	255,701
Creditors	(17,063,932)	(600)	(17,064,532)
Provisions for liabilities and charges	-	(200,000)	(200,000)
Profit and loss account reserve	(5,407,695)	(2,288,132)	(7,695,827)
		<u>-</u>	

Cash flow statement

Foreign currency translation

A prior year adjustment has also been made in respect of the treatment of foreign currency translation differences in the cash flow analysis. In the previous year's financial statements all the foreign exchange differences were attributed to the movement in cash. This was incorrect as only a part of the balance related to the cash movement. An adjustment has been made in these financial statements to allocate the foreign exchange movement to the correct balance sheet items in the cash flow analysis.

The foreign currency translation difference has been allocated in the cash flow analysis as follows:

	As previously stated 1999 £	Adjustment 1999 £	As restated 1999 £
Debtors	-	(429,145)	(429,145)
Cash	(452,201)	455,088	2,887
Creditors	-	(25,943)	(25,943)
		<u>-</u>	

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

18. PRIOR YEAR ADJUSTMENTS (continued)

Analysis of cash flow heading

A prior year adjustment has been made in respect of the disclosure for cash payments to purchase own shares. In the previous year the payment had been classified under the heading movement on liquid resources. In accordance with Financial Reporting Standard 1 – Cash Flow Statements (FRS 1), payments to acquire shares are classified as financing activities. Therefore, the payments of £1,839,891 have been reclassified in accordance with FRS 1 as financing activities.

Directors' emoluments

A prior year adjustment has been made in respect of the disclosure for directors' emoluments. For one of the directors' balances the employer's payment of national insurance had been incorrectly included. This was for the amount of £39,600. A prior year adjustment has been made to eliminate the error.

Corporation tax

A prior year adjustment has been made in respect of the disclosure for corporation tax. In the previous year the corporation tax recoverable balance had been deducted from the corporation tax payable balance for the company. The balances have been restated in order that the corporation tax recoverable balance is shown in debtors.

The comparatives figures for 1999 have been restated in accordance with these adjustments.

19. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
45,000 'A' ordinary shares of £1 each	45,000	45,000
5,000 'B' ordinary shares of £1 each	5,000	5,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid		
41,347 'A' ordinary shares of £1 each	41,347	41,347
	<u> </u>	<u> </u>

20. COMMITMENT UNDER OPERATING LEASES

As at 30 April 2000, the group was committed to making the following payment during the next year in respect of operating leases:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	26,386	-	147,812	-
In two to five years	10,518	-	-	-
	<u>36,904</u>	<u>-</u>	<u>147,812</u>	<u>-</u>

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
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21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999 (as restated)
	£	£
Operating profit	3,244,153	3,849,130
Depreciation of tangible assets	1,470,950	1,421,886
Loss/(profit) on sale of fixed assets cash element	201,531	(334,130)
Decrease in stock	-	10,148
Increase in debtors	(2,125,645)	(1,078,707)
Increase/(decrease) in creditors	491,482	(1,806,753)
	<u>3,282,471</u>	<u>2,061,574</u>
Net cash inflow from operating activities	<u>3,282,471</u>	<u>2,061,574</u>

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

	2000	1999 (as restated)
	£	£
Returns on investments and servicing of finance		
Interest received	38,043	107,678
Interest paid	(145,357)	(196,837)
Interest element of finance lease rental payments	(3,158)	(523)
	<u>(110,472)</u>	<u>(89,682)</u>
Taxation		
Corporation tax paid	(918,230)	(590,277)
	<u>(918,230)</u>	<u>(590,277)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(984,948)	(3,343,044)
Receipts from sales of tangible fixed assets	141,174	476,063
Purchase of trade investment	80	-
	<u>(843,694)</u>	<u>(2,866,981)</u>
Financing		
Repayment of borrowings	(660,868)	(579,939)
Increase in short-term borrowings	2,500,000	-
Capital element of hire purchase contracts	(42,438)	(27,683)
Purchase of own shares	(3,123,994)	(1,839,891)
	<u>(1,327,300)</u>	<u>(2,447,513)</u>

FOSTER & PARTNERS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 April 2000

23. ANALYSIS OF NET DEBT

	At 1 May 1999 (as restated) £	Cash flow £	Other non-cash changes £	Translation adjustment £	At 30 April 2000 £
Cash in hand and at bank	255,701	113,599	-	2,522	371,822
Bank overdrafts	(1,203,076)	(30,824)	-	-	(1,233,900)
		82,775			
Debt due after one year	(1,204,584)	660,868	-	-	(543,716)
Debt due within one year	(780,000)	(2,500,000)	-	-	(3,280,000)
Finance leases	-	42,438	(98,640)		(56,202)
		(1,796,694)			
Net debt	(2,931,959)	(1,713,919)	(98,640)	2,522	(4,741,996)

24. 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 £98,640.

25. 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, Compass Trustees 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. A prior year adjustment has been made in respect of the accounting treatment adopted in the previous period (note 18).

The contributions for the year to the employee benefit trust amounted to £3,130,000 (1999 - £825,000) which were paid by Foster & Partners Limited. At the end of the year the assets of the trust included loans of £275,700 (1999 - £275,700) to employees including £55,000 (1999 - £55,000) each to S T de Grey, D B Nelson, G D Phillips and K O Shuttleworth, and £55,700 (1999 - £55,700) to B J Cooke, all of whom were directors of the company. At the end of the year the trust also owned 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 the trust purchased 5,850 shares from Lord Foster of Thames Bank O.M. and 366 shares from each of S T de Grey, D B Nelson, G D Phillips and B J Cooke at a price of £425 per share.

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

By virtue of the accounting treatment adopted, the contributions made by the company to the trust do not appear in the consolidated profit and loss account.

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26. CONTINGENT LIABILITIES

The group has guarantees totalling £118,997 relating to two contracts in which it has been involved. These all relate to performance bonds.

27. 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. Foster & Partners Limited own 80 'A' ordinary shares of £1 each. The entire remainder of the shares are classified as 'B' ordinary shares of 1p each, and are 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 has only approximately 3.85% of the voting rights. East Wing Limited has been treated in these financial statements as an investment.

During the year the company disposed of property, by way of a long leasehold interest being granted, for consideration of £2,500,000. The lease was granted to East Wing Limited, a company owned, as set out above, by Foster & Partners Limited, and Lord Foster and his wife. A loan note was issued by East Wing Limited for £2,500,000 upon which no interest is payable to the company for the year ended 30 April 2000. This loan is included within other debtors at the year end. The loan note is repayable no later than 25 June 2004. The net book value of the relevant property at the time of disposal was £2,662,807 resulting in a loss to the company of £162,807.

28. ULTIMATE PARENT COMPANY

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

Lord Foster of Thames Bank, O.M. is 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, Cardiff, CF14 3UZ.