

Company Registration No. 1644989

Foster & Partners Limited

Report and Financial Statements

30 April 2004



Foster & Partners Limited

Report and financial statements 2004

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Foster & Partners Limited

Officers and professional advisers

Directors

Lord Foster of Thames Bank, O.M.
S Behling
A Bow
G Brooker
J Drew
I Godwin
S T de Grey C.B.E.
K Harris
B Haw
P Kalkhoven
M Majidi
D A Miller
D B Nelson
G D Phillips
J N Silver
M Sutcliffe
K O Shuttleworth (resigned 31 December 2003)

Secretary

G D Phillips

Registered office

Riverside Three
22 Hester Road
London SW11 4AN

Bankers

HSBC Bank plc
8 Canada Square
London E14 5HQ

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

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Foster & Partners Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

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 6 and shows the loss for the year.

It is proposed that the retained loss for the financial year of £2,000 (2003: profit of £1,383,000) is transferred from reserves.

The directors do not propose the payment of a dividend (2003: £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 were:

Lord Foster of Thames Bank, O.M.

S Behling

A Bow

G Brooker

J Drew

I Godwin

S T de Grey C.B.E.

K Harris

B Haw

P Kalkhoven

M Majidi

D A Miller

D B Nelson

G D Phillips

J N Silver

M Sutcliffe

K O Shuttleworth (resigned 31 December 2003)

All directors are potential beneficiaries of the Employee Benefit Trust, referred to in note 22 to the accounts, which owns shares in the ultimate parent company.

Lord Foster, S T de Grey, D B Nelson, K O Shuttleworth and G D Phillips have also been directors of Foster Group (International) Limited which is the ultimate parent company of the Group. The directors' interests in the shares of other group companies are shown in the accounts of Foster Group (International) Limited. None of the directors has any other beneficial interest in the shares of other group companies.

Note 4 to the accounts set out certain transactions with directors. Note 24 sets out certain related party transaction.

Foster & Partners Limited

Directors' report

Charitable contributions

During the year the group made direct payments in respect of charitable donations of £30,647 (2003: £13,682). In addition, architectural work on the Police Memorial Trust was undertaken. The project involves a permanent memorial in Hyde Park to police officers who have lost their lives in the course of duty. The work, at an estimated total cost of £58,823 (2003: £109,298), will be undertaken for no fee.

Employee involvement

The group remains committed to creating an environment which will attract, retain and motivate employees of high calibre, taking into account the specific requirements of the 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.

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

Following their report on these financial statements, Deloitte & Touche LLP will tender their resignation as the Company's auditors.

A resolution to appoint new auditors will be put forward at the next board meeting.

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



G D Phillips
Secretary

21 December 2005

Foster & Partners Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Foster & Partners Limited for the year ended 30 April 2004 which comprise the consolidated profit and loss account, the statement of movement on reserves, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movement in consolidated shareholders' funds and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 circumstances, consistently applied and adequately disclosed.

We planned 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 of the group as at 30 April 2004 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London 21 December 2005

Foster & Partners Limited

Consolidated profit and loss account Year ended 30 April 2004

	Note	2004 £'000	2003 £'000
Turnover	2	37,729	37,697
Other operating income		56	47
Staff costs	3	(25,538)	(24,039)
Depreciation	9	(1,278)	(1,415)
Other operating charges		(8,964)	(9,855)
Operating profit	5	2,005	2,435
Interest receivable and similar income		21	86
Interest payable and similar charges	6	(1,021)	(585)
Profit on ordinary activities before taxation		1,005	1,936
Tax on profit on ordinary activities	7	(1,007)	(553)
(Loss)/profit on ordinary activities after taxation and retained (loss)/profit for the financial year		(2)	1,383

All activities derive from continuing operations.

Foster & Partners Limited

Statement of movements on reserves Year ended 30 April 2004

Group	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 May 2003	24	3,668	16,760	20,452
Loss for the year	-	-	(2)	(2)
Foreign exchange differences on the translation of net investment	-	-	(6)	(6)
Balance at 30 April 2004	<u>24</u>	<u>3,668</u>	<u>16,752</u>	<u>20,444</u>
Company				
Balance at 1 May 2003	24	3,668	16,210	19,902
Profit for the year	-	-	110	110
Balance at 30 April 2004	<u>24</u>	<u>3,668</u>	<u>16,320</u>	<u>20,012</u>

Foster & Partners Limited

Consolidated balance sheet 30 April 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	9	11,122	11,082
Current assets			
Debtors	11	26,569	21,640
Investments	12	6,522	6,522
Cash at bank and in hand		289	2,878
		33,380	31,040
Creditors: amounts falling due within one year	13	(17,607)	(12,502)
Net current assets		15,773	18,538
Total assets less current liabilities		26,895	29,620
Creditors: amounts falling due after more than one year	14	(6,000)	(6,750)
Provisions for liabilities and charges	16	(410)	(2,377)
Net assets		20,485	20,493
Capital and reserves			
Called up share capital	17	41	41
Share premium account		24	24
Revaluation reserve		3,668	3,668
Profit and loss account		16,752	16,760
Total equity shareholders' funds		20,485	20,493

These financial statements were approved by the Board of Directors on 21 December 2005.

Signed on behalf of the Board of Directors

D B Nelson
Director

G D Phillips
Director

Foster & Partners Limited

Company balance sheet 30 April 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	9	10,951	10,981
Investments	10	34	34
		<u>10,985</u>	<u>11,015</u>
Current assets			
Debtors	11	26,671	22,969
Investment	12	6,522	6,522
Cash at bank and in hand		101	2,506
		<u>33,294</u>	<u>31,997</u>
Creditors: amounts falling due within one year	13	<u>(17,816)</u>	<u>(13,887)</u>
Net current assets		<u>15,478</u>	<u>18,110</u>
Total assets less current liabilities		26,463	29,125
Creditors: amounts falling due after more than one year	14	(6,000)	(6,750)
Provisions for liabilities and charges	16	<u>(410)</u>	<u>(2,432)</u>
Net assets		<u>20,053</u>	<u>19,943</u>
Capital and reserves			
Called up share capital	17	41	41
Share premium account		24	24
Revaluation reserve		3,668	3,668
Profit and loss account		16,320	16,210
Total equity shareholders' funds		<u>20,053</u>	<u>19,943</u>


These financial statements were approved by the Board of Directors on 21 December 2005.

Signed on behalf of the Board of Directors

D B Nelson
Director



G D Phillips
Director



Foster & Partners Limited

Consolidated cash flow statement Year ended 30 April 2004

	Note	2004 £'000	2003 £'000
Net cash inflow/(outflow) from operating activities	18	548	(1,750)
Returns on investments and servicing of finance	19	(427)	(386)
Taxation	19	(642)	(839)
Capital expenditure and financial investment	19	<u>(1,318)</u>	<u>(1,009)</u>
Cash outflow before use of financing		(1,839)	(3,984)
Financing	19	<u>(750)</u>	<u>4,499</u>
(Decrease)/increase in cash		<u><u>(2,589)</u></u>	<u><u>515</u></u>

Foster & Partners Limited

Consolidated statement of total recognised gains and losses Year ended 30 April 2004

	2004 £'000	2003 £'000
(Loss)/profit for the financial year	(2)	1,383
Revaluation surplus	-	3,668
Currency translation differences on foreign currency net investment	(6)	22
Total recognised gains and losses relating to the year	(8)	5,073

Note of historical cost profit and losses

Reported profit on ordinary activities before taxation	1,005	1,936
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the re-valued amount.	(33)	-
Historical cost profit on ordinary activities before taxation	972	1,936
Historical cost (loss)/profit for the year retained after taxation	(35)	1,383

Foster & Partners Limited

Reconciliation of movements in consolidated shareholders' funds Year ended 30 April 2004

	2004 £'000	2003 £'000
(Loss)/profit for the financial year	(2)	1,383
Revaluation surplus	-	3,668
Other recognised gains and losses relating to the year	(6)	22
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(8)	5,073
 Opening shareholders' funds	 20,493	 15,420
	<hr/>	<hr/>
Closing shareholders' funds	20,485	20,493
	<hr/>	<hr/>

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

1. Accounting policies

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

Accounting convention

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

Basis of consolidation

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

Employee Benefit Trust

In accordance with the requirements of Urgent Issue Task Force 13 Accounting for Employee Share Ownership Plans trusts, 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 Financial Reporting Standard 9 Associates and Joint Ventures, the company accounts for its share of the assets, liabilities and cash flows relating to joint arrangements into which it has entered.

Tangible fixed assets

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 (land is not depreciated)
Motor vehicles	-	4 years
Aircraft	-	4 to 8 years
Fixtures, fittings and equipment	-	3 to 8 years

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

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

Deferred taxation

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

Investments

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

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

1. Accounting policies (continued)

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.

Financial instruments

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

Accounting for contracts

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. Contract work in progress is recorded as turnover progressively in line with the completion of project work stages, turnover is determined on the value of work carried out to date. Profit on any work stage is only recognised to the extent that the total contract is assessed to be profitable. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on contracts. Full provision is made for any foreseeable losses. In those cases where provisions are required, these are included within provisions.

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. The amount charged to the profit and loss account is the contribution payable in the year.

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

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

2. Turnover

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

	2004 £'000	2003 £'000
Geographical segment:		
United Kingdom	17,992	25,410
Far East	4,529	1,138
Continental Europe	9,549	6,560
North America	3,928	3,900
Australasia	1,623	670
Rest of the World	108	19
	<u>37,729</u>	<u>37,697</u>

3. Information regarding directors and employees

	2004 £'000	2003 £'000
Directors' emoluments		
Fees and remuneration for management services	4,659	4,509
Amounts paid to defined contribution pension scheme	430	427
	<u>5,089</u>	<u>4,936</u>

There were 16 directors in the company's defined contribution pension scheme during the year (2003: 16).

	£'000	£'000
Remuneration of the highest paid director	2,028	1,989
Amounts paid to defined contribution pension scheme	-	-
	<u>2,028</u>	<u>1,989</u>

	£'000	£'000
Employees' staff costs during the year (including directors)		
Wages and salaries	21,917	20,785
Social security costs	2,165	1,809
Pension costs	1,456	1,445
	<u>25,538</u>	<u>24,039</u>

	2004 No.	2003 No.
Average number of persons employed by the group in the year	534	541

4. Transactions with directors

During the prior year £4,100,167 was paid to Lord Foster, £129,441 to David Nelson, £68,962 to Ken Shuttleworth, £129,441 to Spencer de Grey and £nil to Graham Phillips as an advance on loan stock in Foster Group (International) Limited. These balances were transferred to Foster Group (International) Limited at the year-end hence the balance in Foster & Partners Limited as at 30 April 2003 was £nil. There have been no advances on loan stock during the current year.

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

5. Operating profit

	2004 £'000	2003 £'000
Operating profit is after charging:		
Depreciation on tangible fixed assets		
- owned assets	1,293	1,415
Loss on disposal of fixed assets	-	4
Auditors' remuneration in respect of audit – group and company	68	67
Auditors' remuneration for non-audit work	123	99
	<hr/>	<hr/>

6. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank loans and overdrafts	572	585
Tax creditor interest charge	449	-
	<hr/>	<hr/>
	1,021	585
	<hr/>	<hr/>

7. Tax on profit on ordinary activities

	2004 £'000	2003 £'000
<i>Analysis of tax charge on ordinary activities</i>		
United Kingdom corporation tax charge at 30%	(504)	(580)
Adjustments in respect of prior years	(2,065)	126
	<hr/>	<hr/>
	(2,569)	(454)
Group relief	55	-
Foreign tax for current period	(12)	-
	<hr/>	<hr/>
Total current tax charge	(2,526)	(454)
Deferred tax		
- Adjustments in respect of prior years	1,514	(98)
- Timing differences, origination and reversal	5	(1)
	<hr/>	<hr/>
	(1,007)	(553)
	<hr/>	<hr/>

A provision has been made in the accounts for tax and interest reflecting previous transactions in respect of the Employee Benefit Trust, with a corresponding adjustment to deferred tax.

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

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

7. Tax on profit on ordinary activities (continued)

The differences are explained below:

	2004	2003
	%	%
Standard tax rate for the year as a percentage of profits	30	30
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	4
Depreciation in excess of capital allowances		-
Adjustments in respect of prior years	138	-
Movement in short term timing differences		-
Utilisation of tax losses	2	(1)
Group relief from holding company for which no payment will be made	(4)	(3)
Prior period adjustments – corporation tax	4	(7)
	<u>174</u>	<u>23</u>
Current tax rate for the year as a percentage of profits		

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 £110,000 (2003: £1,368,000).

9. Tangible fixed assets

Group	Freehold land and buildings £'000	Aircraft and motor vehicles £'000	Fixtures, fittings, and equipment £'000	Total £'000
Cost or valuation				
At 1 May 2003	9,000	2,254	5,773	17,027
Exchange rate adjustment	-	-	(9)	(9)
Additions	272		1,055	1,327
Disposals	-	(93)	(1)	(94)
At 30 April 2004	<u>9,272</u>	<u>2,161</u>	<u>6,818</u>	<u>18,251</u>
Accumulated depreciation				
At 1 May 2003	-	1,966	3,979	5,945
Exchange rate adjustment		-	(15)	(15)
Charge for the year	90	181	1,022	1,293
Disposals	-	(93)	(1)	(94)
At 30 April 2004	<u>90</u>	<u>2,054</u>	<u>4,985</u>	<u>7,129</u>
Net book value				
At 30 April 2004	<u>9,182</u>	<u>107</u>	<u>1,833</u>	<u>11,122</u>
At 30 April 2003	<u>9,000</u>	<u>288</u>	<u>1,794</u>	<u>11,082</u>

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

9. Tangible fixed assets (continued)

Company	Freehold land and buildings £'000	Aircraft and motor vehicles £'000	Fixtures, fittings, and equipment £'000	Total £'000
Cost or valuation				
At 1 May 2003	9,000	2,254	5,256	16,510
Additions	272	-	893	1,165
Disposals	-	(93)	-	(93)
At 30 April 2004	9,272	2,161	6,149	17,582
Accumulated depreciation				
At 1 May 2003	-	1,966	3,563	5,529
Charge for the year	90	181	924	1,195
Disposals	-	(93)	-	(93)
At 30 April 2004	90	2,054	4,487	6,631
Net book value				
At 30 April 2004	9,182	107	1,662	10,951
At 30 April 2003	9,000	288	1,693	10,981

Revaluation of fixed assets

The company's freehold property was revalued at open market value in April 2003 by Chesterton plc, Chartered Surveyors at £9,000,000. The Directors do not consider there to have been any material change in that valuation as at 30 April 2004. A comparison between the present book value and the book value at which the asset would have been carried on a historical cost basis is set out below:

	2004	
	Revalued amount £'000	Historical cost amount £'000
Freehold buildings		
Cost or valuation	9,000	6,178
Depreciation to date	(90)	(846)
Net book value	8,910	5,332

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

10. Fixed asset investments

Company	Shares in subsidiary undertakings £'000	Total £'000
Cost		
At 1 May 2003 and 30 April 2004	3,712	3,712
Provision for impairment		
At 1 May 2003 and 30 April 2004	3,678	3,678
Net book value		
At 30 April 2004 and 30 April 2003	34	34

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.

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	Dormant	Ordinary	100
Foster and Partners (Hong Kong) Limited	Hong Kong	Architects	Ordinary	100
Foster and Partners (Singapore) Pte Ltd	Singapore	Architects	Ordinary	100
F & P Architekten GmbH	Germany	Architects	Ordinary	100
Office Design Services Limited	England & Wales	Printers	Ordinary	100
Foster (Nederland) BV	Holland	Dormant	Ordinary	100
Foster Germany Limited	England & Wales	Dormant	Ordinary	100

11. Debtors

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade debtors	9,118	8,322	8,925	8,201
Amounts recoverable on contracts	4,249	1,162	4,249	1,096
Amounts owed by group undertakings	11,822	10,954	12,142	12,553
Corporation tax recoverable	324	263	324	184
Other debtors	519	46	494	46
Prepayments and accrued income	537	893	537	889
	<u>26,569</u>	<u>21,640</u>	<u>26,671</u>	<u>22,969</u>

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

12. Investment held as current asset

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Shares in Foster Group (International) Limited	6,522	6,522	6,522	6,522

At 30 April 2001 the Foster & Partners Employee Benefit Trust owned 24,840 shares in Foster Holdings Limited (see note 22), representing 49.6% of the entire issued share capital of that company. On 20 December 2001, the trust's total holding of 24,840 shares in Foster Holdings Limited was acquired by Foster Group (International) Limited (the 'Purchaser') for a consideration of 24,840 "B" ordinary redeemable £1 shares representing 49.6% of the Purchaser's ordinary share capital. The investment is carried at the cost of the shares originally held in Foster Holdings Limited.

13. Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 15)	750	750	750	750
Payments received on account	9,033	5,768	9,033	5,768
Trade creditors	2,781	2,077	2,781	2,062
Amounts owed to group undertakings	219	219	653	1,739
Corporation tax	2,161	248	2,000	222
Taxation and social security	1,376	2,804	1,376	2,806
Other creditors	558	25	528	8
Accruals and deferred income	729	611	695	532
	17,607	12,502	17,816	13,887

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 2004 the Employee Benefit Trust (note 22) had borrowed £1,198,000 (2003: £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	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank loan (note 15)	6,000	6,750	6,000	6,750

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

15. Borrowings

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Analysis of borrowings				
Bank loan	6,750	7,500	6,750	7,500
	<u>6,750</u>	<u>7,500</u>	<u>6,750</u>	<u>7,500</u>
Due within one year	750	750	750	750
Due after more than one year	6,000	6,750	6,000	6,750
	<u>6,750</u>	<u>7,500</u>	<u>6,750</u>	<u>7,500</u>

An analysis of the bank loan is as follows:

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Due within one year	750	750	750	750
Due after more than one year but not more than two years	750	750	750	750
Between two and five years	3,000	2,250	3,000	2,250
More than five years	2,250	3,750	2,250	3,750
	<u>6,750</u>	<u>7,500</u>	<u>6,750</u>	<u>7,500</u>

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

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

16. Provisions for liabilities and charges

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Deferred taxation	-	1,255	-	1,310
Provisions for foreseeable contract losses	410	1,122	410	1,122
	<u>410</u>	<u>2,377</u>	<u>410</u>	<u>2,432</u>

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

16. Provisions for liabilities and charges (continued)

Deferred taxation	Group £'000	Company £'000
Balance at 30 April 2003	1,255	1,310
Profit and loss account credit	(1,501)	(1,532)
Balance at 30 April 2004 (shown in other debtors)	(246)	(222)

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

Group	Provided 2004 £'000	2003 £'000
Capital allowances in excess of depreciation	(215)	(394)
Short term timing differences	(31)	(30)
Employee Benefit Trust	-	1,679
	(246)	1,255

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

Company	Provided 2004 £'000	2003 £'000
Depreciation in excess of capital allowances	(191)	(339)
Short term timing differences	(31)	(30)
Employee Benefit Trust	-	1,679
	(222)	1,310

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

Provision for foreseeable contract losses	Group and Company £'000
Balance at 1 May 2003	1,122
Utilised	(903)
Profit and loss account charge	191
Balance at 30 April 2004	410

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

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

17. Called up share capital

	2004 £'000	2003 £'000
Authorised		
45,000 'A' ordinary shares of £1 each	45	45
5,000 'B' ordinary shares of £1 each	5	5
	<hr/>	<hr/>
Called up, allotted and fully paid		
41,347 'A' ordinary shares of £1 each	41	41
	<hr/>	<hr/>

18. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2004 £'000	2003 £'000
Operating profit	2,005	2,435
Depreciation of tangible assets	1,278	1,415
Loss on sale of fixed assets	-	4
Increase in debtors	(4,628)	(3,229)
Increase/(Decrease) in creditors	1,893	(2,375)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	548	(1,750)
	<hr/>	<hr/>

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

	2004 £'000	2003 £'000
Returns on investments and servicing of finance		
Interest received	21	86
Interest paid	(448)	(472)
	<hr/>	<hr/>
	(427)	(386)
	<hr/>	<hr/>
Taxation		
Corporation tax paid	(642)	(839)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(1,318)	(1,009)
	<hr/>	<hr/>
	(1,318)	(1,009)
	<hr/>	<hr/>
Financing		
Repayment of borrowings	(750)	-
New borrowings	-	4,500
Capital element of hire purchase contracts	-	(1)
	<hr/>	<hr/>
	(750)	4,499
	<hr/>	<hr/>

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

20. Analysis of net debt

	At 1 May 2003 £'000	Cash flow £'000	At 30 April 2004 £'000
Cash in hand and at bank	2,878	(2,589)	289
Debt due after one year	(6,750)	750	(6,000)
Debt due within one year	(750)	-	(750)
Net debt	(4,622)	(1,839)	(6,461)

Reconciliation of net cash flow to movement in net debt

	2004 £'000	2003 £'000
(Decrease)/increase in cash in the year	(2,589)	515
Cash flow from change in debt and lease financing	750	(4,499)
Change in net debt resulting from cash flows	(1,839)	(3,984)
Net debt at 1 May	(4,622)	(638)
Net debt at 30 April	(6,461)	(4,622)

21. Non-cash transactions

During the year the group entered into no finance lease arrangements (2003: none).

22. Employee benefit trust

The Employee Benefit Trust was established to enable the trustees to purchase or sell shares in Foster Holdings Limited and, following the group reorganisation in December 2001, Foster Group (International) Limited, from or to employees. Its assets are held separately from those of the group. Whilst the trustee, Close Trust Company Jersey Limited, has a fiduciary duty to act in the best interests of the beneficiaries of the trust, in practice Foster Group (International) Limited and its subsidiaries' advice as to how the assets are held for the benefit of the employees is generally accepted, and the group bears the major risks and rewards of the assets held within the trust. Foster & Partners Limited is viewed as the sponsoring company. In accordance with the requirements of Urgent Issue Task Force 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 (2003: £nil) by Foster & Partners Limited. At 30 April 2001 the Foster & Partners Employee Benefit Trust owned 24,840 shares in Foster Holdings Limited representing 49.6% of the entire issued share capital of that company. On 20 December 2001, the trust's total holding of 24,840 shares in Foster Holdings Limited was acquired by Foster Group (International) Limited (the 'Purchaser') for a consideration of 24,840 "B" ordinary redeemable £1 shares representing 49.6% of the Purchaser's ordinary share capital. The trust has not received dividends on the shares it owns in the financial year or in the preceding financial year. None of the shares which the trust owns are under option to employees or have been conditionally gifted to them.

Foster & Partners Limited

Notes to the accounts Year ended 30 April 2004

23. Capital commitments

	30 April 2004 £'000	30 April 2003 £'000
Capital commitments authorised and contracted for	68	-

24. Related Party Transactions

During the year, the company entered into contracts with two clients with whom Lord Foster, through Foster Consultancy Limited, has separate contractual arrangements. Foster Consultancy Limited received fees of EUR 200,000 for services which were independent of the architectural services provided by the company. Lord Foster is a shareholder and a director of Foster Consultancy Limited.

All time and expense recorded by an employee of the Group (other than Lord Foster) in relation to the supply of the Group's services was charged to Foster Consultancy Limited. Such charges amounted to £16,618 for the year.

During the year Ivory Press Limited, a company owned by Lady Foster, Lord Foster's wife, used the Company's aircraft. The Company made a charge to Ivory Press Limited for such use of £9,722 over the period 13 June 2002 to 5 February 2004, of which £5,508 relates to the period 1 May 2003 to 5 February 2004).

25. Contingent liabilities

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

26. Ultimate parent company

The directors regard Foster Holdings Limited and Foster Group (International) Limited, both companies being incorporated in Great Britain, as the immediate and ultimate parent companies respectively.

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

The smallest group that consolidates the financial statements of the company is Foster & Partners Limited. The largest such group is Foster Group (International) Limited. These accounts are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.