

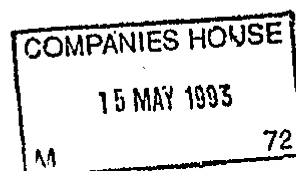
COSTAIN HOMES LIMITED

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1992

537405



COSTAIN HOMES LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1992

BUSINESS REVIEW

The company continued to carry out its principal activity of housebuilding and in the year under review, 410 unit sales were legally completed (1991: 398),

Loss before tax	£ (51,051,494)
Taxation	152,459
Deficit for year	(50,899,035)
Deficit brought forward	(94,381,804)
Deficit carried forward	(145,280,839)

DIRECTORS AND SHARE INTERESTS

		At 1.1.92	At 31.12.92
P. J. Hill	- Chairman		
T. C. Edmondson	- Managing Director	a 7,345	7,345
		e NIL	150,000
A. G. Wheatcroft	- (resigned 31.3.92)	a 6,494	9,994
	(reappointed 1.5.92)	e 27,154	NIL
W. J. Brand		a 2,712	2,712
		e 8,129	NIL
R. Payne		e 25,532	25,532
B C Snowden	- (appointed 1.4.92)	a 1,628*	1,628
		e 3,071*	NIL

* - at subsequent date of appointment

a - Costain Group PLC shares of 25p each

e - Options to acquire Costain Group PLC shares of 25p each.

Directors' liability indemnity cover is maintained by the ultimate holding company, Costain Group PLC.

BY ORDER OF THE BOARD

B.W. RACE
SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road
London SE1 7UE

Registered No. 537405

Date: 6 APR 1993

REPORT OF THE AUDITORS
KPMG PEAT MARWICK
TO THE MEMBERS OF
COSTAIN HOMES LIMITED

We have audited the accounts on pages 3 to 12 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KMPG Peat Marwick,

KPMG Peat Marwick
.....
Chartered Accountants
Registered Auditors
READING

Dated this *26 April 1993*..

COSTAIN HOMES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1992

	Notes	1992 £	1991 £
<u>Turnover</u>	1	29,305,163	30,173,252
Cost of sales		30,919,836	44,343,682
Gross loss		(1,614,673)	(14,170,430)
Interest receivable:			
- external		1,766	84,526
		(1,612,907)	(14,085,904)
Administrative expenses		441,495	612,283
Interest payable	3	5,743,092	6,964,081
		(6,184,587)	(7,576,364)
<u>Loss on ordinary activities before exceptional item</u>		(7,797,494)	(21,662,268)
Exceptional item	2	(43,254,000)	(32,500,000)
<u>Loss on ordinary activities before taxation</u>	2	(51,051,494)	(54,162,268)
Taxation	6	152,459	7,011,148
<u>Loss on ordinary activities after taxation</u>		(50,899,035)	(47,151,120)
Extraordinary items		-	-
<u>Deficit for the year</u>		(50,899,035)	(47,151,120)

Movements on reserves are set out in note 16.

THE NOTES ON PAGES 5 TO 12 FORM PART OF THESE ACCOUNTS

COSTAIN HOMES LIMITED

BALANCE SHEET - BEFORE TAX

As at 31 December 1992

		1992 £	1991 £
<u>Fixed assets</u>			
Tangible assets	7	205,446	554,670
Investments	8	2,099,154	2,099,154
		<hr/>	<hr/>
		2,304,600	2,653,824
		<hr/>	<hr/>
<u>Current assets</u>			
Stocks	10	34,293,198	91,653,153
Debtors	11	6,542,224	12,755,641
Cash in hand		4,600	6,451
		<hr/>	<hr/>
		40,840,022	104,415,245
		<hr/>	<hr/>
<u>Current liabilities</u>			
<u>Creditors: amounts falling due within one year</u>			
Borrowings	12	4,479,340	54,236,825
Other creditors	13	43,946,121	57,214,048
		<hr/>	<hr/>
		48,425,461	111,450,873
		<hr/>	<hr/>
<u>Net current (liabilities)/assets</u>		(7,585,439)	(7,035,628)
		<hr/>	<hr/>
<u>Total assets less current liabilities</u>		(5,280,839)	(4,381,804)
		<hr/>	<hr/>
<u>Net (liabilities)/assets</u>		(5,280,839)	(4,381,804)
		<hr/>	<hr/>
<u>Capital and reserves</u>			
Called up share capital	15	140,000,000	90,000,000
Profit and loss account	16	(145,280,839)	(94,381,804)
		<hr/>	<hr/>
<u>Shareholders' funds before tax</u>		(5,280,839)	(4,381,804)
		<hr/>	<hr/>

The accounts were approved by the board of directors on 6 APR 1993 and were signed on its behalf by:



T C Edmondson, Director

THE NOTES ON PAGES 5 TO 12 FORM PART OF THESE ACCOUNTS

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS

31 December 1992

1. Accounting policies

BASIS OF PREPARATION

The accounts have been prepared on a going concern basis as the holding company, Costain Group PLC, has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a Cash Flow Statement on the grounds that it is a wholly-owned subsidiary.

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

TURNOVER

Turnover represents the amounts receivable in the ordinary course of business in respect of house and land sales completed.

INTEREST PAYABLE

Interest is written off to profit and loss account as it is incurred.

DEFERRED TAXATION

Deferred taxation is provided at the latest relevant rates in respect of all timing differences which, in the opinion of the directors are expected to reverse in the foreseeable future.

DEPRECIATION OF TANGIBLE ASSETS

Depreciation is provided to write off the cost of tangible assets on a straight line basis as follows:-

	Percentage per annum
Freehold buildings	2%
Construction plant	25%
Office equipment, furniture and fittings	20%
Free standing personal computers	50%
Computer software development	33 1/3%

No depreciation is provided on freehold land.

STOCK AND WORK IN PROGRESS

Stock and work in progress is stated at the lower of cost and estimated realisable values.

PENSIONS

The expected cost of pensions in respect of the defined benefit pension scheme in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme.

ACCOUNTING STANDARDS

In all material respects these accounts are prepared in accordance with applicable United Kingdom Standards.

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

2. Loss on ordinary activities before taxation

	1992 £	1991 £
Loss on ordinary activities is after charging:		
Staff costs (note 4)	2,255,757	3,567,257
Emoluments of directors (note 5)	252,567	318,333
Compensation paid to former directors for loss of office	-	149,877
Depreciation on assets owned by the company	333,632	602,672
Hire of plant	122,525	110,855
Rent of land and buildings	495,784	369,152
Auditors' remuneration	50,500	57,500
Exceptional item - housing land write down	43,254,000	32,500,000
And after crediting:		
Net income from rents of land and buildings	26,056	16,842

3. Interest payable and finance charges

	1992 £	1991 £
On set off overdrafts (see note 12)	5,738,917	6,963,586
Other interest	4,175	495
	<u>5,743,092</u>	<u>6,964,081</u>

4. Staff costs

	1992 £	1991 £
Wages and salaries	1,957,144	3,137,360
Social security costs	169,712	256,209
Pension costs	128,901	173,688
	<u>2,255,757</u>	<u>3,567,257</u>

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

4. Staff costs continued

The average weekly number of employees during the year in the United Kingdom was 104 (1991: 154), which included 84 who had contracts of employment with a fellow subsidiary. Contracts of employment for all staff were transferred to Costain Homes Limited on 18th September 1992.

The company participates in one of the Group's UK funded defined benefit pension schemes. The schemes provide benefits based on final pensionable salary.

The liabilities of the schemes are secured by assets which are held in funds administered by trustees and which are separate from the finances of the Group. The contributions are based on pension costs as a whole across all the participating companies and are determined by a qualified actuary on the basis of triennial valuations. The actuarial valuation prepared as at 31st March 1989 is the most recent valuation and details are disclosed in the accounts of Costain Group PLC.

5. Emoluments of directors

Emoluments, excluding pension scheme contributions, of directors

	1992	1991
£ Nil - £ 5,000	-	3
£15,001 - £20,000	1	1
£35,001 - £40,000	1	-
£45,001 - £50,000	1	-
£50,001 - £55,000	1	1
£55,001 - £60,000	-	1
£60,001 - £65,000	-	2
£70,001 - £75,000	-	1
£90,001 - £95,000	1	-

During 1992 the Chairman's emoluments amounted to £NIL (1991: two Chairmen £NIL). The emoluments of the highest paid director were £93,940 (1991: £70,051).

6. Taxation

	1992 £	1991 £
Group relief	-	7,175,933
Adjustment in respect of prior years Group relief	152,459	(164,785)
	<u>152,459</u>	<u>7,011,148</u>

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

7. Tangible assets

	<u>Land and buildings</u> <u>Freehold</u> £	<u>Plant and</u> <u>equipment</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 January 1992	1,793	3,242,743	3,244,536
Additions	-	10,000	10,000
Disposals	-	(838,542)	(838,542)
At 31 December 1992	1,793	2,414,201	2,415,994
<u>Depreciation</u>			
At 1 January 1992	788	2,689,078	2,689,866
Provisions	36	333,596	333,632
Disposals	-	(812,950)	(812,950)
At 31 December 1992	824	2,209,724	2,210,548
<u>Net book value</u>			
At 31 December 1992	969	204,477	205,446
At 31 December 1991	1,005	553,665	554,670

8. Investments

	<u>Subsidiary</u> <u>undertakings</u> £	<u>Participating</u> <u>interests</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 January 1992	2,097,654	1,500	2,099,154
Disposals	-	-	-
<u>Net book value</u>			
At 31 December 1992	2,097,654	1,500	2,099,154
At 31 December 1991	2,097,654	1,500	2,099,154

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

8. Investments continued

Investments in subsidiary undertakings and participating interests

	Class of capital held and percentage of each class	Activity
<u>Subsidiary undertakings</u>		
Aller Park Estate Limited	Ordinary shares 100%	Investment holding
The Barley Estate Limited	Ordinary shares 100%	Investment holding
The Exeter & Devon Estates Company Limited	Ordinary shares 100%	Investment holding
<u>Participating interests</u>		
Beacos Limited	Ordinary shares 50%	Dormant
Cosbea Limited	Ordinary shares 50%	Dormant
Castlepin Limited	Ordinary shares 50%	Dormant

All companies are incorporated in Great Britain and registered in England. All subsidiary undertakings are directly held apart from Aller Park Estate Limited and The Barley Estate Limited which are wholly owned subsidiaries of The Exeter & Devon Estates Company Limited.

9. Future capital expenditure

	1992 £	1991 £
Authorised by the directors but not yet contracted for	-	-

10. Stocks

	1992 £	1991 £ (Restated)
Land	21,404,190	67,280,578
Building work in progress	9,049,313	19,350,810
Other stock	3,839,695	5,021,765
	34,293,198	91,653,153

The above includes £5,470,431 (1991: £9,140,287) in respect of finished stock. During 1992 the company has revised its classifications for the components of stock. The 1991 figures have been restated accordingly.

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

11. Debtors

	1992 £	1991 £
Amounts falling due within one year:		
Trade debtors	6,168,160	5,280,937
Other debtors	41,869	52,899
Prepayments	174,474	120,181
Amounts owing by parent and fellow subsidiary undertakings before tax	157,721	7,301,624
	<hr/>	<hr/>
	6,542,224	12,755,641
	<hr/>	<hr/>

Included in trade debtors are amounts totalling £4,478,133 (1991: £4,992,088) representing Equity Shares retained in houses sold, that may not be repayable within 12 months.

12. Borrowings

	1992 £	1991 £
Overdrafts due within one year	4,479,340	54,236,825
	<hr/>	<hr/>

The company's bankers have the right to set off the company's bank balances when in credit against borrowings by certain fellow subsidiary undertakings.

13. Creditors: amounts falling due within one year

	1992 £	1991 £
Trade creditors	12,071,886	13,215,046
Other creditors and social security	90,800	78,656
Accruals and deferred income	446,884	1,063,159
Amounts owing to undertakings in which the company has a participating interest	1,500	1,500
Amounts owing to parent and fellow subsidiary undertakings	28,782,990	40,341,965
Amounts owing to subsidiary undertakings	2,552,061	2,469,201
Taxation	-	44,521
	<hr/>	<hr/>
	43,946,121	57,214,048
	<hr/>	<hr/>

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

14. Deferred taxation

The deferred tax credit and the full potential asset at 33% (1991: 33%) are as follows.

	1992		1991	
	<u>Provided</u>	<u>Full</u>	<u>Provided</u>	<u>Full</u>
	£	£	£	£
Accelerated Capital Allowances	-	431,704	-	451,808
Other timing differences	-	23,218,094	-	16,414,132
	<u>-</u>	<u>23,649,798</u>	<u>-</u>	<u>16,865,940</u>

15. Share capital

	1992		1991	
	£	£	£	£
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
Ordinary shares of £1 each, fully paid	110,000,000	110,000,000	60,000,000	60,000,000
12% Non voting, non cumulative redeemable preference shares of £1 each, fully paid	30,000,000	30,000,000	30,000,000	30,000,000

The preference shares are redeemable, at the company's option, at any time after 1 January 1994. No premium is payable on redemption.

On 22 December 1992, in order to provide additional permanent capital, 50,000,000 ordinary shares of £1 each with an aggregate nominal value of £50,000,000 were issued for a total cash consideration of £50,000,000.

COSTAIN HOMES LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1992

16. Profit and loss account

	1992 £
At 1 January 1992	(94,381,804)
Deficit for the year	(50,899,035)
	<hr/>
At 31 December 1992	(145,280,839)
	<hr/>

17. Other financial commitments

Annual commitments under non-cancellable operating leases comprise:-

	1992 £	1991 £
Leases expiring after five years - Land and Buildings	296,850	322,368
	<hr/>	<hr/>

18. Contingent liability

The company has entered into cross guarantees together with the parent company and certain fellow group undertakings, for loans and overdraft facilities made available to the group. These facilities are included in the group accounts and amount to £75 million and US\$271 million.

In March 1993, the company together with the parent company and certain fellow group undertakings entered into additional cross guarantees for other loans and overdraft facilities made available to the Group and certain associated undertakings amounting to £54 million.

19. Consolidated accounts

Consolidated accounts have not been prepared as the company at 31 December 1992 was a wholly owned subsidiary of Costain Group PLC.

The only group of undertakings for which group accounts are drawn up is that of the ultimate holding company, Costain Group PLC, a company registered in England and Wales. A copy of the group accounts of Costain Group PLC may be obtained from the registered office of Costain Group PLC, 111 Westminster Bridge Road, London, SE1 7UE.