

**COSTAIN CONSTRUCTION LIMITED**

**REGISTERED NO. 563270**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2000**

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK



**COSTAIN CONSTRUCTION LIMITED**  
**REPORT OF THE DIRECTORS**  
**For the year ended 31 December 2000**

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**BUSINESS REVIEW**

The company sold its business and assets and liabilities to Costain Limited with effect from the 1 January 1999 and is completing its outstanding work as agent for Costain Limited.

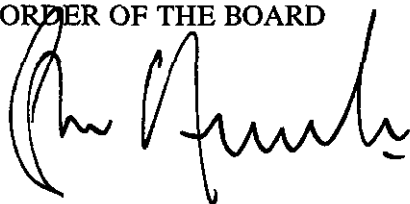
**DIRECTORS AND SHARE INTERESTS**

Directors who held office during the year and their disclosable interests in shares, as recorded in the register of directors' interests:

	At 1.1.00	At 31.12.00
J A Armitt *		
M W Roberts * (appointed 02.06.00)		
R G Craft	-	-
J R Campbell * (resigned 02.06.00)		

\* - The interests of these directors in the shares of Costain Group PLC are disclosed in the accounts of that company.

BY ORDER OF THE BOARD



C L FRANKS  
SECRETARY

**REGISTERED OFFICE**

Costain House, Nicholsons Walk  
Maidenhead, Berkshire SL6 1LN

Date: 29 March 2001

**COSTAIN CONSTRUCTION LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the year ended 31 December 2000**

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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 profit or loss of the company 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 the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**COSTAIN CONSTRUCTION LIMITED**

We have audited the financial statements on pages 4 to 6.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

**Basis of audit opinion**

We conducted our audit in accordance with 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 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 company's affairs as at 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.

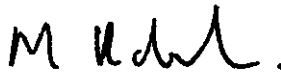
*KPMG Audit Plc*  
.....  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK

*29 March 2001*  
.....  
Date

**COSTAIN CONSTRUCTION LIMITED**  
**BALANCE SHEET**  
**As at 31 December 2000**

	Notes	2000 £	1999 £
<u>Current assets</u>			
Debtors: amounts falling due within one year	3	20,865,186	33,744,469
<u>Creditors: amounts falling due within one year</u>	4	(8,664,199)	(21,543,482)
<u>Net current assets</u>		12,200,987	12,200,987
<u>Net assets</u>		12,200,987	12,200,987
<u>Capital and reserves</u>			
Called up share capital	5	24,000,000	24,000,000
Profit and loss account	6	(11,799,013)	(11,799,013)
<u>Equity shareholders' funds</u>	7	12,200,987	12,200,987

The financial statements were approved by the Board of Directors on 29 March 2001 and were signed on its behalf by:

  
..... Director  
M W Roberts

THE NOTES ON PAGES 5 TO 6 FORM PART OF THESE ACCOUNTS

**COSTAIN CONSTRUCTION LIMITED**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2000**

1. Accounting policies

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

**BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention.

**CASH FLOW STATEMENT**

As the cash flow statement in the consolidated accounts of the ultimate parent company, Costain Group PLC, complies with the conditions of Financial Reporting Standard 1 (revised) (FRS 1), the company is exempt under FRS 1 from the requirement to prepare a separate cash flow statement.

2. Staff costs and remuneration of directors

There were no staff employed during the year (1999: nil).

No emoluments were paid to the directors of the company during the year (1999: nil).

3. Debtors

	2000 £	1999 £
Amounts owed by group undertakings	20,865,186	33,744,469
	<hr/>	<hr/>
	20,865,186	33,744,469
	<hr/>	<hr/>

4. Creditors: amounts falling due within one year

	2000 £	1999 £
Accruals	8,664,199	21,543,482
	<hr/>	<hr/>
	8,664,199	21,543,482
	<hr/>	<hr/>

5. Share Capital

	2000 <u>Authorised</u> £	2000 <u>Issued</u> £	1999 <u>Authorised</u> £	1999 <u>Issued</u> £
Ordinary shares of £1 each, allotted, called up and fully paid	30,000,000	24,000,000	30,000,000	24,000,000
	<hr/>	<hr/>	<hr/>	<hr/>

**COSTAIN CONSTRUCTION LIMITED**  
**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2000**

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6. Profit and loss account

	£
At 1 January 2000 and 31 December 2000	(11,799,013)

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7. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Opening and closing shareholders' funds	12,200,987	12,200,987

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8. Contingent Liabilities

The company has entered into cross guarantees together with the ultimate 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 of the ultimate parent company and amount to £4.6m (1999: £10.7m).

There are also contingent liabilities in respect of performance bonds and other undertakings entered into in the ordinary course of business.

9. Related parties transactions

The company is exempt under Financial Reporting Standard No 8 (FRS 8) from the requirements to disclose related party transactions on the basis that it is a wholly owned subsidiary of the ultimate parent company, Costain Group PLC.

10. Ultimate parent company

The largest and smallest group of undertakings for which group accounts are drawn up is that of the ultimate parent undertaking, Costain Group PLC, a company registered in England and Wales.

A copy of Group accounts of Costain Group PLC may be obtained from the registered office of the company, Costain House, Nicholson's Walk, Maidenhead, Berks SL6 1LN.