

RENOWN INVESTMENTS (HOLDINGS) LIMITED

Registered number: 683698

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1997**

**KPMG Audit Plc
Chartered Accountants
Registered Auditor
Gatwick**



RENOWN INVESTMENTS (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1997

BUSINESS REVIEW

The company continued to carry out its principal activities of property development, investment and management.

The results for the year are set out in the Profit & Loss Account on page 4.

DIRECTORS AND SHARE INTERESTS

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

		At 1.1.97	At 31.12.97
J A Armitt (appointed 9.4.97)			
M F Burdes	a	460	460
J R Campbell (appointed 29.1.97)			
AC Lovell (resigned 8.4.97)			

a - Costain Group Plc ordinary shares of 10p each

BY ORDER OF THE BOARD



B W RACE
SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road
London SE1 7UE

Date: **- 2 APR 1998**

RENOWN INVESTMENTS (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 1997

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. The directors are required to ensure that those financial statements are based on suitable accounting policies consistently applied, are prepared on the going concern basis and are supported by judgements and estimates that are reasonable and prudent, and identify and explain any material departures from applicable accounting standards.

The directors are also responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RENOWN INVESTMENTS (HOLDINGS) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

For the year ended 31 December 1997

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of 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 affairs of the company at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Gatwick

2 April 1998

RENOWN INVESTMENTS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1997

	Notes	1997 £	1996 £
Turnover	1	1,258,035	1,216,937
Cost of Sales		<u>(1,163,678)</u>	<u>(1,303,351)</u>
Gross profit/(loss)		94,357	(86,414)
Administrative expenses		<u>(2,440)</u>	<u>(1,980)</u>
Operating profit/(loss)		91,917	(88,394)
Profit on disposal of fixed assets		7,000	21,900
Interest receivable - external		2,328	848
Profit/(loss) on ordinary activities before taxation		<u>101,245</u>	<u>(65,646)</u>
Taxation	5	<u>(3,189)</u>	<u>(14,070)</u>
Profit/(loss) on ordinary activities after taxation		<u>98,056</u>	<u>(79,716)</u>

There were no recognised gains or losses other than the profit for the year.

All operating profits and losses are attributable to continuing operations.

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

RENOWN INVESTMENTS (HOLDINGS) LIMITED

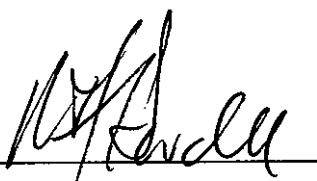
BALANCE SHEET

As at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	6	57,500	994,264
Current assets			
Debtors	7	1,869,018	2,015,874
Creditors: amounts falling due within one year	8	(912,626)	(2,094,302)
Net current assets/(liabilities)			
Due within one year		(389,363)	(1,151,181)
Due after one year		1,345,755	1,072,753
		<u>956,392</u>	<u>(78,428)</u>
Net assets		<u>1,013,892</u>	<u>915,836</u>
Capital and reserves			
Called up share capital	9	5,075,100	5,075,100
Profit and loss account	10	(4,061,208)	(4,159,264)
Shareholders' funds	11	<u>1,013,892</u>	<u>915,836</u>

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

2 April 1998


M F BURDES

Director

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

RENOWN INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1997

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost accounting rules, modified to include the revaluation of certain investment properties (see investment properties note below).

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 No 1 (revised) ("FRS 1 (revised)"), the company is exempt under FRS 1 (revised) from the requirements to prepare a separate cash flow statement.

Turnover

Turnover represents amounts receivable for letting of properties, and the sale of properties held for resale.

Investment Properties

Profits and losses on disposal of investment properties are calculated by reference to their carrying value.

Depreciation

In accordance with Statement of Standard Accounting Practice 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The directors consider that this treatment, which represents a departure from the Companies Act 1985, is necessary in order to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

RENOWN INVESTMENTS (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS continued****31 December 1997****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.

No provision is made for the potential liability of corporation tax on the unrealised revaluation surplus in respect of the investment properties as these are held as long term investments.

The investment properties which were sold during the financial year ending 31 December 1997 gave rise to no tax liability.

2.	Profit/(loss) on ordinary activities before taxation	1997	1996
		£	£
	Profit/(loss) on ordinary activities before taxation is after charging:		
	Auditors' remuneration - audit	2,175	1,500
3.	Remuneration of directors		
	No emoluments were paid to the directors of the company during the year (1996 nil).		
4.	Staff costs		
	There were no staff employed during the year (1996 nil).		
5.	Taxation	1997	1996
		£	£
	On profits for the year:		
	United Kingdom corporation tax at 31.5% (1996 33%)	3,189	971
	Adjustments in respect of prior years	-	13,099
		<u>3,189</u>	<u>14,070</u>

RENOWN INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

31 December 1997

6.	Tangible assets		Land and Buildings	Total
	Investment properties	Freehold	Leasehold over 50 years	
		£	£	£
	At 1 January 1997	936,764	57,500	994,264
	Transferred to current assets	(936,764)	-	(936,764)
	At 31 December 1997	-	57,500	57,500

During the year it was decided to dispose of the Eaglescliffe property. As part of the sales process it was necessary to develop some of the surrounding area, therefore the asset has been moved from fixed asset investment properties to current assets in the year. The first tranche of the sale was completed during the year and the sales proceeds have been recorded in turnover.

7.	Debtors	1997	1996
		£	£
	Amounts owed by group undertakings	4,400	5,300
	Other debtors		
	- due within one year	521,000	1,314,775
	- due after more than one year	1,345,755	1,072,753
	Assets for disposal	297,000	-
		2,168,155	2,392,828
	Less provision against debtors	(299,137)	(376,954)
		1,869,018	2,015,874

8.	Creditors amounts falling due within one year	1997	1996
		£	£
	Borrowings	172	280
	Trade creditors	3,115	3,192
	Taxation	3,189	14,004
	Accruals and deferred income	35,026	18,018
	Amounts owing to group undertakings	871,124	2,058,808
		912,626	2,094,302

RENOWN INVESTMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

31 December 1997

9.	Share capital	1997		1996	
		£	£	£	£
		Authorised	Issued	Authorised	Issued
	Ordinary shares of £1 each called up and fully paid	<u>5,075,100</u>	<u>5,075,100</u>	<u>5,075,100</u>	<u>5,075,100</u>
10.	Reserves				
				Profit and loss	
				£	
	As at 1 January 1997			(4,159,264)	
	Retained profit for the year			<u>98,056</u>	
	At 31 December 1997			<u>(4,061,208)</u>	
11.	Reconciliation of movement in shareholders funds				
			1997		1996
			£		£
	Profit/(loss) for the financial year		98,056		(79,716)
	Opening shareholders' funds		<u>915,836</u>		<u>995,552</u>
	Closing shareholders' funds		<u>1,013,892</u>		<u>915,836</u>
12.	Contingent liabilities				
	<p>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 financial statements and amount to £6.0m (1996 £28.9m) and US \$14.7m (1996 US \$70.0m).</p> <p>There are also contingent liabilities in respect of performance bonds and other undertakings entered into in the ordinary course of business.</p>				
13.	Ultimate parent company				
	<p>The company's ultimate parent company is Costain Group PLC, a company registered in England and Wales. A copy of the Group financial statements of Costain Group PLC may be obtained from the registered office of Costain Group PLC, 111 Westminster Bridge Road, London SE1 7UE.</p>				
14.	Related parties transactions				
	<p>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.</p>				