

COSTAIN U.K. LIMITED

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1990

James Worley & Sons,
Chartered Accountants,
LONDON

COSTAIN U.K. LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1990

BUSINESS REVIEW

The company continued to carry out its principal activity, the provision of management services and co-ordinating function for the Costain Group companies which undertake building and civil engineering work in the United Kingdom.

	£
Profit for the year	3,961,000
Taxation	<u>29,010</u>
	3,931,990
Dividend	<u>3,931,000</u>
	990
Distributable reserves brought forward	<u>1,962,107</u>
Distributable reserves carried forward	<u>1,963,097</u>

DIRECTORS AND SHARE INTERESTS

At 01.01.90 At 31.12.90

W. Sperry - Managing Director

W. Gerretsen - (appointed 9.5.90)

T.W. Slee

J.M. Williams	a	4,223	3,055
	e	4,359	7,691
M.J. Quirke	a	5,701	5,844
	e	40,148	49,544
R.N. Chapman	a	6,686	6,157
	#	175,000	175,000
	e	35,667	42,825
K.E. Smith	a	6,651	7,027
	e	34,369	40,853
C.L. Franks	a	3,945	3,945
	e	3,363	27,201

a - Costain Group PLC shares of 25p each.

- Do., Non-beneficial

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

BY ORDER OF THE BOARD

B.W. KACE
SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road. *Registered No. 1054231*
London
SE1 7UE

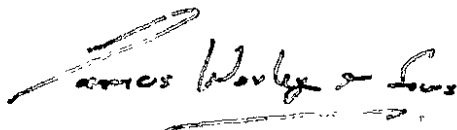
Date: 3 APR 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF

COSTAIN U.K. LIMITED

We have audited the accounts on pages 3 to 13 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 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



James Worley & Sons,
Chartered Accountants,
LONDON

Dated this 2nd April 1991.

COSTAIN U.K. LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1990

	Notes	1990	1989
		£	£
Turnover	1	9,414,638	4,858,261
Cost of sales		<u>9,233,132</u>	<u>4,590,131</u>
Gross profit		181,506	268,130
Interest receivable:			
- on amounts due from holding and fellow subsidiary undertakings		200,034	161,193
Dividends from subsidiary undertakings		<u>3,961,000</u>	<u>3,212,000</u>
		<u>4,161,034</u>	<u>3,373,193</u>
		4,342,540	3,641,323
Administrative expenses		<u>381,540</u>	<u>359,944</u>
Profit on ordinary activities before taxation	2	3,961,000	3,281,379
Taxation	5	<u>29,010</u>	<u>55,515</u>
<u>Profit on ordinary activities after taxation</u>		3,931,990	3,225,864
Dividend		<u>3,931,000</u>	<u>3,221,000</u>
<u>Amount retained for the year</u>		<u>990</u>	<u>4,864</u>

Movements on reserves are set out in note 13.

THE NOTES ON PAGES 6 TO 13 FORM PART OF THESE ACCOUNTS

COSTAIN U.K. LIMITED


BALANCE SHEET

As at 31 December 1990

	Notes	1990 £	1989 £
<u>Fixed assets</u>			
Tangible assets	6	962,119	666,623
Investments	7	<u>3,634,054</u>	<u>3,134,054</u>
		<u>4,596,173</u>	<u>3,800,677</u>
<u>Current assets</u>			
Debtors	8	6,829,924	6,967,057
Cash at bank	9	<u>3,244,346</u>	<u>2,303,829</u>
		10,074,270	9,270,886
<u>Current liabilities</u>			
Creditors: amounts falling due within one year	10	<u>10,930,394</u>	<u>9,285,504</u>
<u>Net current (liabilities)</u>		<u>(856,124)</u>	<u>(14,618)</u>
<u>Total assets less current liabilities</u>		3,740,049	3,786,059
<u>Provisions for liabilities and charges</u>	11	<u>(47,000)</u>	<u>-</u>
<u>Net assets</u>		<u>3,787,049</u>	<u>3,786,059</u>
<u>Capital and reserves</u>			
Called up share capital	12	1,823,952	1,823,952
Profit and loss account	13	<u>1,963,097</u>	<u>1,962,107</u>
<u>Shareholders' funds</u>		<u>3,787,049</u>	<u>3,786,059</u>

.....  Director

10 APR 1991
Dated this

.....  Director

THE NOTES ON PAGES 6 TO 13 FORM PART OF THESE ACCOUNTS

COSTAIN U.K. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

31 December 1990

	1990 £	1989 £
<u>Source of Funds</u>		
Profit on ordinary activities before taxation	3,961,000	3,281,379
Depreciation	337,357	290,980
	<hr/>	<hr/>
Total generated by operations	4,298,357	3,572,359
	<hr/>	<hr/>
Net additions to operating fixed assets	(632,853)	(113,094)
Additions to investments	(500,000)	(323,852)
Taxation paid	(62,644)	(45,708)
Dividends paid	(3,221,000)	(774,000)
Variations in working capital:		
Stocks and debtors	137,133	(3,380,629)
Creditors falling due within one year	921,524	1,359,804
	<hr/>	<hr/>
Net funds inflow/outflow	<u>940,517</u>	<u>294,880</u>
Financed by:		
issue of shares	0	323,952
increase in cash balances	(940,517)	(618,832)
	<hr/>	<hr/>
	<u>(940,517)</u>	<u>(294,880)</u>

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS

31 December 1990

1. Accounting policies

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

TURNOVER

Turnover represents the amounts received in the ordinary course of business for rental income and for services provided.

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 month
Fixed plant, furniture and fittings	10 - 20

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

The accounts have been prepared in accordance with applicable Accounting Standards.

COSTAIN U.A. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

2. Profit on ordinary activities before taxation

Profit on ordinary activities is after charging :

	1990 £	1989 £
Emoluments of directors (note 4)	245,632	169,030
Payments to former director	-	81,923
Depreciation on assets owned by the Company	337,357	290,980
Auditors' remuneration	5,950	5,550
and after crediting :		
Dividends from subsidiary undertakings	3,961,000	3,212,000

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

3. Staff costs

	1990 £	1989 £
Wages and salaries	3,147,875	790,284
Social security costs	253,452	62,313
Pension costs	-	74,298
Costain Employee Profit Share Scheme	-	29,005
	<u>3,401,327</u>	<u>963,900</u>

The average weekly number of persons employed by the company, all of whom were seconded from a fellow subsidiary company, who worked during the year for the company in the United Kingdom was 172 (1989 53).

The Company participates in one of the Group's UK 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 undertakings participating in the scheme and are determined by a qualified actuary on the basis of triennial valuations. The actuarial valuation prepared as at 31 March 1989 is the most recent valuation and details are disclosed in the accounts of Costain Group PLC.

4. Emoluments of directors

Emoluments, excluding pension scheme contributions, of directors.

Directors	1990	1989
NIL - £5,000	5	5
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	1	1
£45,001 - £55,000	-	1
£55,001 - £70,000	1	-
£70,001 - £140,000	1	-

The emoluments of the Chairman during 1990 amounted to NIL (1989 £34,599).

The emoluments of the highest paid director were £135,875 (1989 £53,975).

	1990 £	1989 £
Pension contributions in respect of former director	-	54,923
Payments in respect of former director	-	27,000

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

5. Taxation

	1990 £	1989 £
On profits for the year:		
United Kingdom corporation tax at 35% (1989 35%)	78,882	65,515
Deferred taxation	(47,000)	(10,000)
	31,882	55,515
Adjustments in respect of prior years:		
UK corporation tax	(2,872)	-
Group relief	-	-
Deferred taxation	-	-
	<u>29,010</u>	<u>55,515</u>

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

6. Tangible assets

	<u>Plant and Equipment</u>
	£
<u>Cost</u>	
At 1 January 1990	1,947,311
Additions	624,409
Disposals	(273,239)
Inter Company Transfers	<u>45,266</u>
At 31 December 1990	<u>2,343,747</u>
<u>Depreciation</u>	
At 1 January 1990	1,280,688
Provision	337,357
Disposals	(248,255)
Inter Company Transfers	<u>11,838</u>
At 31 December 1990	<u>1,381,628</u>
<u>Net book value</u>	
At 31 December 1990	<u>962,119</u>
At 31 December 1989	<u>666,623</u>

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

7. Investments

	<u>Subsidiaries</u>
	£
<u>Cost</u>	
At 1 January 1990	3,143,610
Additions	500,000
Disposals	—
At 31 December 1990	<u>3,643,610</u>
<u>Amounts written off</u>	
At 1 January 1990	9,556
Disposals	—
At 31 December 1990	<u>9,556</u>
<u>Net book value</u>	
31 December 1990	<u>3,634,054</u>
31 December 1989	<u>3,134,054</u>

Investments in subsidiary undertakings

	<u>Class of capital held and percentage held of each class</u>	
<u>Subsidiary undertakings</u>	<u>Class</u>	<u>£</u>
Costain Construction Limited	Ordinary	100
Costain Leisure Construction Limited	Ordinary	100
Costain Management Design Limited	Ordinary	100
Costain Renovations Limited	Ordinary	100
R. Costain & Sons Limited	Ordinary	100
Toplis Painters Limited	Ordinary	100

All companies are incorporated in Great Britain and registered in England.

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

8. Debtors

	1990 £	1989 £
Amounts falling due within one year:		
Trade debtors	175,162	161,523
Prepayments and accrued income	60,883	78,787
Amounts owing by subsidiary undertakings	<u>6,593,879</u>	<u>6,726,747</u>
	<u>6,829,924</u>	<u>6,967,057</u>

9. Cash at bank

The company's bankers have the right to set off the Company's bank balance when in credit against borrowings by Richard Costain Limited.

10. Creditors: amounts falling due within one year

	1990 £	1989 £
Trade creditors	4,685,856	4,885,908
Accruals	631,050	299,451
Amounts owing to fellow subsidiary undertakings	1,603,606	813,630
Taxation	78,882	65,515
Dividends	<u>3,931,000</u>	<u>3,221,000</u>
	<u>10,930,394</u>	<u>9,285,504</u>

11. Provision for liabilities and charges

	<u>At beginning of year</u>	<u>Movement in year</u>	<u>At end of year</u>
	£	£	£
Deferred taxation	-	(47,000)	(47,000)

The major elements of deferred taxation are as follows:-

	1990 £	1989 £
Accelerated capital allowance	(8,402)	21,391
Other timing differences	<u>(38,598)</u>	<u>(21,391)</u>
	<u>(47,000)</u>	<u>-</u>

COSTAIN U.K. LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1990

12. Share capital

	1990		1989	
	£	£	£	£
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
Ordinary shares of £1 each, fully paid	<u>2,000,000</u>	<u>1,823,952</u>	<u>2,000,000</u>	<u>1,823,952</u>

13. Reserves

	<u>Profit and loss account</u> £
At 1 January 1990	1,962,107
Retained profit for the year	<u>990</u>
At 31 December 1990	<u>1,963,097</u>

14. Consolidated accounts

Consolidated accounts have not been prepared as the company at 31 December 1990 was a wholly owned subsidiary of Costain Group PLC, its ultimate parent company, which is a company incorporated in Great Britain and registered in England.