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COSTAIN BUILDING & CIVIL ENGINEERING LIMITED
(Formerly Costain UK Ltd)

STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 1991

James Worley & Sons,
Chartered Accountants,
LONDON

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED (Formerly Costain UK Limited)

REPORT OF THE DIRECTORS

For the year ended 31 December 1991

BUSINESS REVIEW

The company continued to carry out its principal activity of the provision of services for building and civil engineering work in the United Kingdom and overseas. With effect from 1 January 1992, the businesses of several wholly-owned subsidiaries were merged into the company.

The company is responsible for undertaking building and civil engineering contracts awarded from the aforementioned date.

	£
Profit for the year	9,350,000
Taxation	<u>13,696</u>
	9,336,304
Extraordinary items	<u>216,508</u>
	9,119,796
Dividend	<u>10,500,000</u>
	(1,380,204)
Distributable reserves brought forward	<u>1,963,097</u>
Distributable reserves carried forward	<u>582,893</u>

DIRECTORS AND SHARE INTERESTS

		At <u>1.01.91</u>	At <u>31.12.91</u>
W. Sperry	- Chairman (from 1.10.91) and Managing Director		
J.M. Williams	a	3,055	3,081
	e	7,691	8,129
M.J. Quirke	a	5,844	7,381
	e	49,434	57,250
R.N. Chapman	(resigned 31.12.91)	6,857	10,857
	#	175,000	225,000
	e	42,825	49,063
C.L. Franks	a	3,945	3,945
	e	27,201	30,249
G.V. May	(appointed 1.10.91)	4,904*	4,904
	e	50,116*	50,116
J.W.H. Lawson	a	3,367*	3,367
	e	43,615*	43,615
K.E. Smith	- (resigned 30.6.91)		
T.W. Slee	- (resigned 30.9.91)		
W. Gerretsen	- (resigned 30.9.91)		

* at subsequent date of appointment

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED (Formerly Costain
UK Limited)

REPORT OF THE DIRECTORS continued

For the year ended 31 December 1991

- 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. RACE
SECRETARY

REGISTERED OFFICE
111 Westminster Bridge Road
London SE1 7UE


Registered No. 1054232

Date: 11th May 1992

REPORT OF THE AUDITORS TO THE MEMBERS OF
COSTAIN BUILDING & CIVIL ENGINEERING LIMITED
(Formerly Costain UK Ltd)

We have audited the accounts on pages 4 to 14 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 1991 and of its result 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,
Registered Auditor,
LONDON

Dated this 7th April 1992

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1991

	Notes	1991 £	1990 £
Turnover	1	5,755,466	9,414,638
Cost of sales		<u>5,538,158</u>	<u>9,233,132</u>
Gross profit		217,308	181,506
Interest receivable: - on amounts due from holding and fellow subsidiary undertakings		187,122	200,034
Dividends from subsidiary undertakings		<u>9,350,000</u>	<u>3,961,000</u>
		<u>9,537,122</u>	<u>4,161,034</u>
		9,754,430	4,342,540
Administrative expenses		<u>404,430</u>	<u>381,540</u>
Profit on ordinary activities before taxation	2	9,350,000	3,961,000
Taxation	5	<u>13,696</u>	<u>29,010</u>
<u>Profit on ordinary activities after taxation and before extraordinary items</u>		9,336,304	3,931,990
Extraordinary items	6	<u>216,508</u>	<u>-</u>
		9,119,796	3,931,990
Dividend		<u>10,500,000</u>	<u>3,931,000</u>
<u>(Deficit)/Amount retained for the year</u>		<u>(1,380,204)</u>	<u>990</u>

Movements on reserves are set out in note 14.

THE NOTES ON PAGES 7 TO 14 FORM PART OF THESE ACCOUNTS

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

BALANCE SHEET

As at 31 December 1991

	Notes	1991 £	1990 £
<u>Fixed assets</u>			
Tangible assets	7	1,067,006	962,119
Investments	8	<u>3,417,544</u>	<u>3,634,054</u>
		<u>4,484,550</u>	<u>4,596,173</u>
<u>Current assets</u>			
Debtors	9	14,847,341	6,829,924
Cash at bank	10	<u>23,024,877</u>	<u>3,244,346</u>
		37,872,218	10,074,270
<u>Current liabilities</u>			
Creditors: amounts falling due within one year	11	<u>20,074,923</u>	<u>10,930,394</u>
<u>Net current assets/(liabilities)</u>		<u>17,797,295</u>	<u>(856,124)</u>
<u>Total assets less current liabilities</u>		22,281,845	3,740,049
<u>Provisions for liabilities and charges</u>	12	<u>(125,000)</u>	<u>(47,000)</u>
<u>Net assets</u>		<u>22,406,845</u>	<u>3,787,049</u>
<u>Capital and reserves</u>			
Called up share capital	13	21,823,952	1,823,952
Profit and loss account	14	<u>582,893</u>	<u>1,963,097</u>
<u>Shareholders' funds</u>		<u>22,406,845</u>	<u>3,787,049</u>

..........Director
J.M. Williams

Dated this.....^{7 APR 1992}.....

THE NOTES ON PAGES 7 TO 14 FORM PART OF THESE ACCOUNTS

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

31 December 1991

	1991 £	1990 £
<u>Source of Funds</u>		
Profit on ordinary activities before taxation	9,350,000	3,961,000
Depreciation	373,218	337,357
Total generated by operations	<u>9,723,218</u>	<u>4,298,357</u>
Net additions to operating fixed assets	478,105	632,853
(Disposal)/additions to investments	(2)	500,000
Taxation paid	78,882	62,644
(Decrease) in working capital:		
Stocks and debtors	8,109,113	(137,133)
Creditors falling due within one year	(2,654,411)	(921,524)
Total absorbed by operations	<u>6,011,687</u>	<u>136,840</u>
Net funds generated by operations	<u>3,711,531</u>	<u>4,161,517</u>
Dividends paid	<u>(3,931,000)</u>	<u>(3,221,000)</u>
Net funds (outflow)/inflow	<u>(219,469)</u>	<u>940,517</u>
Financed by:		
issue of shares	(20,000,000)	0
increase in cash balances	19,780,531	940,517
	<u>(219,469)</u>	<u>940,517</u>

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS

31 December 1991

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 year
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 participating in the scheme.

ACCOUNTING STANDARDS

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

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

2. Profit on ordinary activities before taxation

Profit on ordinary activities is after charging :

	1991 £	1990 £
Emoluments of directors (note 4)	176,183	245,632
Payments to former director	60,000	-
Depreciation on assets owned by the Company	373,218	337,357
Auditors' remuneration	8,100	5,950

and after crediting :

Dividends from subsidiary undertakings	9,350,000	3,961,000
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COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

3. Staff Costs

	1991 £	1990 £
Wages and salaries	856,710	3,147,875
Social security costs	65,972	253,452
	<u>922,682</u>	<u>3,401,327</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 55 (1990 172).

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	1991	1990
NIL - £5,000	7	5
£35,001 - £40,000	1	-
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	-
£70,001 - £75,000	-	1
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	1	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
£100,001 - £105,000	-	-
£105,001 - £110,000	-	-
£110,001 - £115,000	-	-
£115,001 - £120,000	-	-
£120,001 - £125,000	-	-
£125,001 - £130,000	-	-
£130,001 - £135,000	-	-
£135,001 - £140,000	-	1

The emoluments of the Chairman during 1991 amounted to £89,660 (1990 £NIL).

The emoluments of the highest paid director were £89,660 (1990 £135,875).

CONTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

5. Taxation

	1991 £	1990 £
On profits for the year:		
United Kingdom corporation tax at 33.25% (1990 35%)	-	78,882
Group relief	(13,642)	-
Deferred taxation	<u>22,147</u>	<u>(47,000)</u>
	8,505	31,882
Adjustments in respect of prior years:		
UK corporation tax	100,338	(2,872)
Deferred taxation	<u>(100,147)</u>	<u>-</u>
	<u>13,696</u>	<u>29,010</u>

6. Extraordinary Items

Movement on provisions for losses of subsidiary companies	<u>216,508</u>	<u>-</u>
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COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

7. Tangible assets

Plant and Equipment

£

Cost

At 1 January 1991 2,343,747

Additions 322,536

Disposals -

Inter Company Transfers 515,330

At 31 December 1991 3,181,613

Depreciation

At 1 January 1991 1,381,628

Provision 373,218

Disposals -

Inter Company Transfers 359,761

At 31 December 1991 2,114,607

Net book value

At 31 December 1991 1,067,006

At 31 December 1990 962,119

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

8. Investments

	<u>Subsidiaries</u>
	£
<u>Cost</u>	
At 1 January 1991	3,643,610
Additions	-
Disposals	<u>2</u>
At 31 December 1991	<u>3,643,608</u>

Amounts written off

At 1 January 1991	9,556
Additions	<u>216,508</u>
At 31 December 1991	<u>226,064</u>

Net book value

31 December 1991	<u>3,417,544</u>
31 December 1990	<u>3,634,054</u>

Investments in subsidiary undertakings

Class of capital held and
percentage held of each class

<u>Subsidiaries undertakings</u>	<u>Class</u>	<u>%</u>
Costain 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 BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

9. Debtors

	1991 £	1990 £
Amounts falling due within one year:		
Trade debtors	169,535	175,162
Prepayments and accrued income	120,210	60,883
Amounts owing by subsidiary undertakings	14,557,596	6,593,879
	<u>14,847,341</u>	<u>6,829,924</u>

10. 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.

11. Creditors: amounts falling due within one year

	1991 £	1990 £
Trade creditors	7,000,835	4,685,856
Accruals	552,463	631,050
Amounts owing to fellow subsidiary undertakings	2,021,625	1,603,606
Taxation	-	78,882
Dividends	<u>10,500,000</u>	<u>3,931,000</u>
	<u>20,074,923</u>	<u>10,930,394</u>

12. Provision for liabilities and charges

	<u>At beginning of year</u> £	<u>Movement in year</u> £	<u>At end of year</u> £
Deferred taxation - asset	(47,000)	(78,000)	(125,000)

The major elements of deferred taxation are as follows:-

	1991 £	1990 £
Accelerated capital allowance	(71,472)	(8,402)
Other timing differences	<u>(53,528)</u>	<u>(38,598)</u>
	<u>(125,000)</u>	<u>(47,000)</u>

COSTAIN BUILDING & CIVIL ENGINEERING LIMITED

NOTES ON THE ACCOUNTS continued

31 December 1991

13. Share capital

	1991		1990	
	£ <u>Authorised</u>	£ <u>Issued</u>	£ <u>Authorised</u>	£ <u>Issued</u>
Ordinary shares of £1 each, fully paid	<u>30,000,000</u>	<u>21,823,952</u>	<u>2,000,000</u>	<u>1,823,952</u>

The authorised share capital of the company was increased on 18th October 1991 to £30,000,000 and the issued share capital was increased by the issue at par of 20,000,000 ordinary shares of £1 each, fully paid, and ranking pari passu with the existing ordinary shares. The shares were issued for investment purposes.

14. Reserves

	<u>Profit and loss account</u> £
At 1 January 1991	1,963,097
Deficit for the year	<u>1,380,204</u>
At 31 December 1991	<u>582,893</u>

15. Consolidated accounts

Consolidated accounts have not been prepared as the company at 31 December 1991 was a wholly owned subsidiary of Costain Group PLC, its ultimate parent company.

The largest 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.

The smallest group of undertakings for which group accounts are drawn up is that of the intermediate holding company, Costain Engineering & Construction Limited, a company registered in England and Wales.

Copies of the group accounts of Costain Group PLC and Costain Engineering & Construction Limited may be obtained from the registered offices of these two companies, 111 Westminster Bridge Road, London, SE1 7UE.