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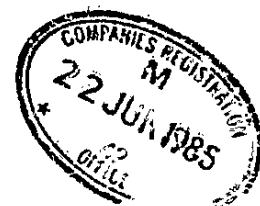
HAIGH & RINGROSE LIMITED

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 1984

Peat, Marwick, Mitchell & Co.,
Chartered Accountants
MIDDLESBROUGH



HAIGH & HINGROSE LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 1984

BUSINESS REVIEW

The company continued to carry out its principal activities in instrumentation and electrical engineering installations. During the year the company extended and diversified its heating and plumbing services into ventilation and air conditioning.

With turnover and margins adversely affected by the continued depression in investment in capital projects in the industrial sector served, the results were unsatisfactory.

Loss for the year
Taxation

£
(606,048)
226,785

Distributable reserves brought forward
Capitalisation or bonus issue of shares

(379,263)
1,229,022
(1,000)

Distributable reserves carried forward

848,759

DIRECTORS AND SHARE INTERESTS

Directors and their interests under the Companies Acts:

		At 1.1.84	At 31.12.84
T. Haigh	- Managing Director	NIL	NIL
G. Beales	- Assistant Managing Director	NIL	NIL
T. Parkinson		NIL	NIL
T. Boyle		NIL	NIL
E.H. Baty)	a NIL*	550
A.J. Brimble) (Appointed 26.3.84)		
J.R. Campbell)		
R. Bates	- (Resigned 26.3.84)		
A. Folland	- (Resigned 20.11.84)		

* at subsequent date of appointment
a Costain Group PLC shares of 25p each

EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue wherever possible the employment of and to arrange appropriate training for those who become disabled and to provide equal opportunities for the training and career development of disabled employees.

HAIGH & RINGROSE LIMITED

REPORT OF THE DIRECTORS continued

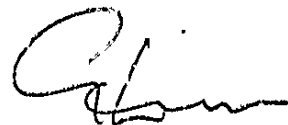
For the year ended 31 December 1984

EMPLOYEE INVOLVEMENT

The Group provides information to its employees both of a general company nature and to encourage awareness of financial and economic factors which affect the Group in various ways. These include a house newspaper, video recordings, circulation of press releases, management briefings on company results, a report to employees on the annual accounts of the Group and annual pension scheme reports.

Participation and involvement are encouraged through the Costain Employee Share Scheme, regular management meetings with employees and through formal trade union channels.

BY ORDER OF THE BOARD



G LANGHAM
SECRETARY

REGISTERED OFFICE

111 Westminster Bridge Road
London
SE1 7UE

Date: 1 May 1985

REPORT OF THE AUDITORS TO THE MEMBERS OF

HAIGH & RINGROSE LIMITED

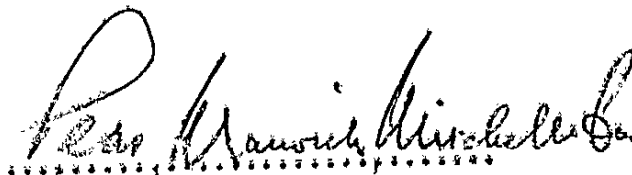
We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

For the reasons stated in note 12 the company takes profit where appropriate on contracts in progress; as the majority of these are short term, this policy is not in accordance with Statement of Standard Accounting Practice No. 9 and constitutes a departure from the requirements of the Companies Act 1948 and 1981.

Except for the above, in our opinion the accounts, which have been prepared on the basis of accounting policies set out in note 1, give a true and fair view of the state of the company's affairs at 31 December 1984 and of its loss for the year to that date and comply with the Companies Acts 1984 to 1981.

The accounts do not include a statement of the source and application of the funds of the company as required by Statement of Standard Accounting Practice No. 10.

Pett, Marwick, Mitchell & Co.,



Chartered Accountants
MIDDLESBROUGH

Dated this 1st May 1985

HAIGH & RINGROSE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1984

	Notes	1984 £	1983 £
<u>Turnover</u>	2	<u>6,075,471</u>	<u>7,588,554</u>
General trading loss	3	608,782	443,138
Exceptional items	5	<u>2,734</u>	<u>193,000</u>
<u>Loss on ordinary activities before taxation</u>		606,048	250,138
Taxation	8	<u>226,755</u>	<u>46,840</u>
<u>Loss for the year</u>		<u>379,263</u>	<u>203,298</u>

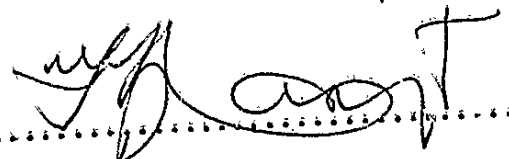
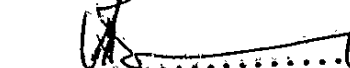
THE NOTES ON PAGES 6 TO 13 FORM PART OF THESE ACCOUNTS

HAIGH & RINGROSE LIMITED

BALANCE SHEET

As at 31 December 1984

	Notes	1984 £	1983 £
<u>Fixed assets</u>	9	400,828	321,406
<u>Tangible assets</u>	10	-	64,210
<u>Investments</u>		<u>400,828</u>	<u>385,616</u>
 <u>Current assets</u>			
Stocks and contracts in progress	12	782,391	422,165
Debtors	13	1,548,468	1,476,466
Cash at bankers, monies on deposit and in hand	14	<u>3,181</u>	<u>907,444</u>
		<u>2,334,040</u>	<u>2,806,075</u>
 <u>Current liabilities</u>			
Creditors: amounts falling due within one year	15	<u>1,865,109</u>	<u>1,942,490</u>
		<u>468,931</u>	<u>863,585</u>
<u>Net current assets</u>		<u>869,759</u>	<u>1,249,201</u>
 <u>Total assets less current liabilities</u>			
Creditors: amounts falling due after more than one year	16	<u>-</u>	<u>179</u>
		<u>869,759</u>	<u>1,249,022</u>
<u>Net assets</u>		<u><u>869,759</u></u>	<u><u>1,249,022</u></u>
 <u>Capital and reserves</u>			
Called up share capital	17	21,000	20,000
Profit and loss account	18	<u>848,759</u>	<u>1,229,022</u>
		<u>869,759</u>	<u>1,249,022</u>

 Director
 Director

Dated this 1 May 1985

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

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

1. Accounting policies

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

TURNOVER

Turnover represents increases in valuation of contracts, including amounts applicable to contracts completed in prior years, and the amount receivable in the ordinary course of business for goods sold, rental income and for services provided.

TRADING LOSS

Trading loss includes the results of current long term contracts based on agreed certificates and on valuation by officials of the company. It also includes residual profits and losses on long term contracts completed in prior years.

INTEREST PAYABLE

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

RATES OF EXCHANGE

Monetary assets and liabilities in overseas currencies have been expressed in sterling at the rates of exchange ruling at 31 December. Exchange differences arising in the ordinary course of business and on foreign currency borrowings less deposits are dealt with in profit from ordinary activities.

DEFERRED TAXATION

Deferred taxation is provided at the latest relevant rate of corporation tax of 41.25%, which is the composite rate indicated as applicable to 1985, on the excess of the book values of fixed assets over the corresponding written down values for taxation purposes and on other timing differences.

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 and long leasehold buildings	1 - 5
Fixed plant, furniture and fittings	15 - 25
Motor vehicles, loose plant	25 - 33

Leases and leasehold improvements to properties with less than fifty years unexpired are written off over their remaining lives.

No depreciation is provided on freehold land.

STOCKS

Valuations are at the lower of cost and estimated realisable values.

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

1. Accounting policies continued

CONTRACTS IN PROGRESS

The balances on contracts in progress mainly consist of agreed certificates of work done less progress payments received and receivable at the year end and estimates made by officials of the company of the realisable value of work carried out but not yet certified or charged to clients.

Claims receivable arising on contracts are normally taken to credit when agreed. In the case of unprofitable contracts full provision is made for foreseeable losses after taking into account a prudent estimate of claims receivable arising on such contracts. Although the majority of contracts are short term, profit is taken where appropriate on all contracts in progress.

2. Turnover

Geographical analysis:

Europe

Asia

Africa

	1984 £	1983 £
	6,068,092	7,504,978
	-	49,050
	7,379	34,526
	<u>6,075,471</u>	<u>7,588,554</u>

3. General trading loss

Turnover

Cost of sales

Gross loss/(profit)

Administrative expenses

Interest payable (note 4)

Related companies - share
of losses

General trading loss

	1984 £	1983 £
	6,075,471	7,588,554
	6,090,010	7,381,382
	<u>14,539</u>	<u>(207,172)</u>
	552,518	560,309
	41,725	37,494
	<u>594,243</u>	<u>597,803</u>
	608,782	390,631
	-	52,507
	<u>608,782</u>	<u>443,138</u>

Turnover and cost of sales for 1983 have been amended from the figures given in the accounts for that year in accordance with the Costain Group treatment of contracts in progress.

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

	1984 £	1983 £
3. <u>General trading loss continued</u>		
General trading loss is after charging:		
Staff costs (note 6)	4,387,295	4,850,250
Emoluments of directors (note 7)	122,372	111,590
Depreciation (note 9)	39,961	39,401
Hire of plant	188,428	246,709
Auditors' remuneration	9,000	16,735
and after crediting:		
Net income from rents of land & buildings	1,250	-
Net exchange differences on foreign currency borrowings less deposits	-	797
Regional development grants	179	79
4. <u>Interest payable</u>	1984 £	1983 £
On bank overdrafts	41,725	37,494
5. <u>Exceptional items</u>	1984 £	1983 £
Employers proportion of National Insurance contributions agreed to be refunded in respect of expatriate personnel	2,734	193,000
6. <u>Staff costs</u>	1984 £	1983 £
Wages and salaries	3,973,193	4,366,148
Social security costs	333,176	389,518
Pension costs	80,926	94,584
	4,387,295	4,850,250

The average weekly number of persons employed by the company during the year in the United Kingdom was 282 (1983 - 467).

In addition, the average weekly number of staff seconded from a fellow subsidiary company who worked during the year for the company in the United Kingdom was 48 (1983 - Nil).

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

7. Emoluments of directors

Emoluments, excluding pension scheme contributions of directors

Directors	1984	1983
Nil to £5,000	4	-
£5,001 - £10,000	1	-
£10,001 - £15,000	-	-
£15,001 - £20,000	-	3
£20,001 - £25,000	3	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-

The emoluments of the chairman during 1984 amounted to £ Nil (1983 - £ Nil).

The emoluments of the highest paid director were £33,471 (1983 - £29,250).

8. Taxation

On loss for the year:	1984 £	1983 £
UK corporation tax at 46.25% (1983 - 52%)		
Group relief	226,785	-
Deferred taxation	-	26,840
	<u>226,785</u>	<u>26,840</u>
Adjustments in respect of prior years:		
Group relief	-	20,000
	<u>226,785</u>	<u>46,840</u>

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

9. Tangible assets

	<u>Land and Buildings</u>		<u>Leasehold Improvements</u>	<u>Plant & Equipment</u>	<u>Total</u>
	<u>Freehold</u>	<u>Leasehold</u>			
	£	Over 50 years £	50 years & under £	£	£
<u>Cost</u>					
At 1 January 1984	127,000	58,566	112,111	-	239,466
Reclassification	-	(24,987)	(107,111)	132,098	-
Additions	105	-	-	17,270	109,855
Disposals	-	-	-	-	40,189
At 31 December 1984	127,105	33,579	5,000	149,368	309,132
<u>Depreciation</u>					
At 1 January 1984	17,066	8,435	18,210	-	172,026
Reclassification	-	(992)	(17,169)	18,161	-
Provisions	3,712	1,295	200	6,165	28,589
Disposals	-	-	-	-	32,342
At 31 December 1984	20,778	8,738	1,241	24,326	168,273
<u>Net book value</u>					
At 31 December 1984	106,327	24,841	3,759	125,042	140,859
At 31 December 1983	109,924	50,131	93,901	-	67,440

10. Investments

<u>Cost</u>	£
At 1 January 1984	116,686
Disposals	(116,686)
At 31 December 1984	-
<u>Amounts written off</u>	
At 1 January 1984	52,476
Disposals	(52,476)
At 31 December 1984	-
<u>Net book value</u>	
At 31 December 1984	Nil
At 31 December 1983	64,210

The investment consisting of 300,000 'A' shares of one Rand each, representing 50 per cent of the issued share capital of Haigh Reunert (Pty) Limited was disposed of during the year.

In addition, the share capital of R.W. Engineering Limited was acquired for nil consideration on 26 March 1984. The company did not trade, and Section 353 of Companies Act 1948 was invoked.

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

	1984	1983
	£	£
11. Future capital expenditure	6,734	4,524
Contracted but not provided for		
Authorised by the directors but	Nil	607
not yet contracted for		

	1984	1983
	£	£
12. <u>Stocks and contracts in progress</u>	22,217	18,280
Raw materials	760,174	403,885
Debit balances on contracts in progress	782,391	422,165

Balances on contracts in progress comprise valuations less progress payments received and receivable of £380,435 (9183 - £264,511).

As stated in note 1, contract balances include attributable net profits on contracts in progress. This constitutes a departure from the valuation requirements of the Companies Act 1948. It is not practicable to allocate progress payments between cost and profit nor, therefore, to state the effect of this departure on balances on contracts in progress.

	1984	1983
	£	£
13. <u>Debtors</u>		
Amounts falling due within one year:		
Trade debtors	1,122,303	936,145
Other debtors	46,455	246,874
Debit balances on completed contracts	131,277	246,908
Prepayments and accrued income	38,985	41,068
Amounts owing by fellow subsidiary companies	209,448	-
Amounts owed by related companies	-	5,471
	1,548,468	1,476,466

	1984	1983
	£	£
14. <u>Cash at bankers and monies in hand</u>	3,181	907,444
Cash at bank and in hand		

	1984	1983
	£	£
15. <u>Creditors : amounts falling due within one year</u>	956,916	-
Bank overdrafts	461,626	307,690
Trade creditors	330,617	1,499,518
Other creditors and social security	109,904	185,282
Accruals and deferred income	6,046	-
Amounts owing to fellow subsidiary companies	1,865,109	1,942,490

The bank overdraft of £956,916 is guaranteed by Costain Group PLC.

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

16. Creditors - amounts falling due after more than one year and provisions

Other creditors

1984	1983
£	£
-	179

17. Share capital

	1984		1983	
	£	£	£	£
	<u>Authorised</u>	<u>Issued</u>	<u>Authorised</u>	<u>Issued</u>
Ordinary shares of 10p each fully paid	1,000	1,000	-	-
Ordinary shares of £1 each fully paid	-	-	10,000	10,000
1% non-cumulative preference shares of £1 each fully paid	20,000	20,000	10,000	10,000

On 15 March 1984, the authorised share capital of the company was increased from £20,000 to £21,000 by the creation of 10,000 ordinary shares of 10 pence each. On that day, a bonus issue of 1 ordinary share of 10 pence for each ordinary share of £1 held was made and the ordinary shares of £1 each were converted into 1% non-cumulative preference shares of £1 each.

On 26 March 1984 the whole of the share capital of the company was acquired from Richardsons Westgarth PLC by Costain Process Limited, a member of Costain Group PLC.

18. Reserves

At 1 January 1984

Capitalisation on bonus issue of shares
Deficit for the year

At 31 December 1984

Profit and Loss Account
£
1,229,022

(1,000)
(379,263)

848,759

19. Other financial commitments

The company has leasing commitments at 31 December 1984 amounting to £429,000 (1983 - £373,000) which fall due for payment as follows:

	1984	1983
	£	£
Within 1 year	102,000	67,000
In 1 - 2 years	69,000	65,000
In 2 - 5 years	120,000	85,000
In more than 5 years	138,000	156,000

HAIGH & RINGROSE LIMITED

NOTES ON THE ACCOUNTS

31 December 1984

20. Contingent liabilities

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

21. Ultimate holding company

The company's ultimate holding company is Costain Group PLC, a company incorporated in Great Britain and registered in England.