

Registration number 02042076

Costain Alcaidesa Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2013

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Costain Alcaidesa Limited
Company Information

Directors	A Wyllie A O Bickerstaff A J Vaughan
Company secretary	T A Wood
Registered office	Costain House Vanwall Business Park Maidenhead Berkshire SL6 4UB
Auditor	KPMG Audit Plc 15 Canada Square London E14 5GL

Costain Alcaidesa Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013

Directors of the company

The directors who held office during the year were as follows

A Wyllie

A O Bickerstaff

M F Burdes (resigned 31 August 2013)

A J Vaughan (appointed 31 August 2013)

Principal activity

The principal activity of the company is investment holding

Disclosure of information to the auditor

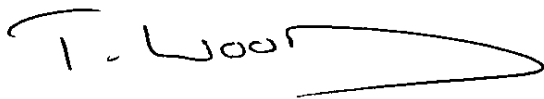
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Reappointment of auditor

KPMG Audit Plc have notified the company that they will be resigning as auditors with effect from 7 May 2014 and have provided the company with a statement under section 519 of the Companies Act 2006 confirming that there are no circumstances connected with their ceasing to hold office that they consider should be brought to the attention of the company's members or creditors

The Directors have approved a resolution to appoint KPMG LLP to act as auditors of the company with effect from 7 May 2014 until further notice

Approved by the Board on 16 April 2014 and signed on its behalf by



T A Wood
Company secretary

Costain Alcaidesa Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent Auditor's Report to the Members of Costain Alcaidesa Limited

We have audited the financial statements of Costain Alcaidesa Limited for the year ended 31 December 2013, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
Costain Alcaidesa Limited**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report



Andrew Marshall (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditors

15 Canada Square
London
E14 5GL

23 April 2014

Costain Alcaidesa Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £	2012 £
Turnover		-	-
Cost of sales		<u>108,481</u>	<u>(610,693)</u>
Gross profit/(loss)		108,481	(610,693)
Administrative expenses		<u>-</u>	<u>-</u>
Operating profit/(loss)	2	108,481	(610,693)
Other exceptional items	4	<u>(12,100,000)</u>	<u>(2,600,000)</u>
Loss on ordinary activities before investment income and interest		(11,991,519)	(3,210,693)
Other interest receivable and similar income		<u>-</u>	<u>335,949</u>
Loss on ordinary activities before taxation		<u>(11,991,519)</u>	<u>(2,874,744)</u>
Loss for the financial year		<u><u>(11,991,519)</u></u>	<u><u>(2,874,744)</u></u>

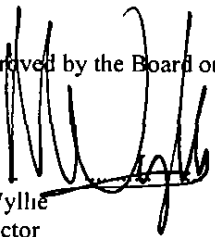
All activities relate to continuing operations

The company has no recognised gains or losses for the year other than the results above

Costain Alcaidesa Limited
(Registration number: 02042076)
Balance Sheet at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	7	<u>26,524,250</u>	<u>35,947,102</u>
Current assets			
Debtors	8	28,729	-
Creditors Amounts falling due within one year	10	<u>(12,215,567)</u>	<u>(9,618,171)</u>
Net current liabilities		<u>(12,186,838)</u>	<u>(9,618,171)</u>
Net assets		<u>14,337,412</u>	<u>26,328,931</u>
Capital and reserves			
Called up share capital	11	32,500,000	32,500,000
Profit and loss account	12	<u>(18,162,588)</u>	<u>(6,171,069)</u>
Shareholders' funds	13	<u>14,337,412</u>	<u>26,328,931</u>

Approved by the Board on 16 April 2014 and signed on its behalf by


A Wyllie
Director

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Exemption from preparing a cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent company includes the company in its own published consolidated financial statements

Investments

Investments in joint ventures are carried at cost less any provisions for impairment

Going concern

The financial statements have been prepared on a going concern basis

Deferred tax

Deferred tax has been recognised as a liability or asset, except as otherwise required by FRS 19 'Deferred Tax', if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account

2 Operating profit/(loss)

Operating loss is stated after charging

	2013 £	2012 £
Foreign currency (gains)/losses	<u>(108,481)</u>	<u>610,693</u>

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

3 Auditor's remuneration

	2013	2012
	£	£
Fees for the audit of the company	<u>1,000</u>	<u>1,000</u>

There are no fees paid to KPMG Audit Plc for other services other than the statutory audit of the company. The audit fee was borne by another group company.

4 Exceptional items

		2013	2012
		£	£
Impairment of investment	7	<u>12,100,000</u>	<u>2,600,000</u>

5 Particulars of employees

No emoluments were paid to the directors of the company during the year (2012: £nil)

There were no staff employed during the year (2012: nil)

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

6 Taxation

Tax on loss on ordinary activities

	2013 £	2012 £
Total tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting current tax charge for the year

The differences are reconciled below

	2013 £	2012 £
Loss on ordinary activities before taxation	(11,991,519)	(2,874,744)
Corporation tax at 23.25% (2012: 24.5%)	<u>(2,788,028)</u>	<u>(704,312)</u>
Provision against investment	2,813,250	637,000
Group relief surrendered free of charge	<u>(25,222)</u>	<u>67,312</u>
Total current tax	<u>-</u>	<u>-</u>

No deferred taxation has been recognised on the unremitted earnings of the overseas joint venture as no dividends are proposed

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

7 Investments held as fixed assets

Shares in participating interests

	Total £
Cost	
At 1 January 2013	44,547,102
Additions	<u>2,677,148</u>
At 31 December 2013	<u>47,224,250</u>
Provision for impairment	
At 1 January 2013	(8,600,000)
Charge for the year	<u>(12,100,000)</u>
At 31 December 2013	<u>(20,700,000)</u>
Net book value	
At 31 December 2013	<u><u>26,524,250</u></u>

This investment is made up of shares in the joint venture of £26.5m (2012 £35.9m) and loans to the joint venture of £nil (2012 £nil). The loan balance and accrued interest thereon was converted to equity during the year.

There was a £12.1m (2012 £2.6m) impairment charge for the year to reflect a reduction in the underlying net asset value of the investment.

Investment in joint venture

The company owns 50% of the issued share capital of Alcaidesa Holding S A, a residential development company incorporated in Spain.

Under a contract between Alcaidesa Holding S A and Costain Alcaidesa Ltd and Elerco S A (its two shareholders), the shareholders have agreed to provide the funding necessary to meet the current Alcaidesa Holding S A Business plan, including the debt repayments required under Alcaidesa Holding S A's bank facilities. The total expected remaining funding requirement for each shareholder, including further investment in the operations, is expected to amount to approximately €7 million, spread over two years.

8 Debtors

	2013 £	2012 £
Amounts owed by group undertakings	<u>28,729</u>	<u>-</u>
	<u><u>28,729</u></u>	<u><u>-</u></u>

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

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. In addition, these arrangements require that all cash balances are transferred to a fellow subsidiary, Richard Costain Limited, on a daily basis, such arrangements are commonplace in large groups and facilitate effective cash management. The company's cash balance is replaced with an inter-company receivable from Richard Costain Limited. The directly held cash balance at 31 December 2013 was £Nil (2012 £Nil).

10 Creditors: Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>12,215,567</u>	<u>9,618,171</u>

11 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>

12 Reserves

	Profit and loss account £	Total £
At 1 January 2013	(6,171,069)	(6,171,069)
Loss for the year	<u>(11,991,519)</u>	<u>(11,991,519)</u>
At 31 December 2013	<u>(18,162,588)</u>	<u>(18,162,588)</u>

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

13 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Loss attributable to the members of the company	<u>(11,991,519)</u>	<u>(2,874,744)</u>
Net reduction to shareholders' funds	(11,991,519)	(2,874,744)
Shareholders' funds at 1 January	<u>26,328,931</u>	<u>29,203,675</u>
Shareholders' funds at 31 December	<u><u>14,337,412</u></u>	<u><u>26,328,931</u></u>

14 Contingent liabilities

The company has entered into cross guarantees together with the ultimate parent company and certain fellow group undertakings for overdraft facilities made available to the Group. At 31 December 2013, these liabilities amounted to £25 million (2012: £nil).

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

15 Related party transactions

The company's funding of its joint venture is a related party transaction (see Note 7). Transactions with wholly owned subsidiaries of Costain Group PLC, the ultimate parent company, are exempt from disclosure under FRS 8 Related party disclosures.

16 Control

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

Copies of the group financial statements of Costain Group PLC may be obtained from the registered office of the company, Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB.