

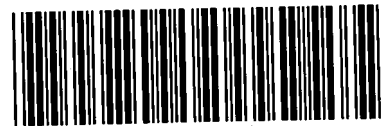
Registration number: 02042076

Costain Alcaidesa Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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Costain Alcaidesa Limited

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Costain Alcaidesa Limited

Company Information

Directors	A Wyllie A O Bickerstaff L J Fleming
Company secretary	T A Wood
Registered office	Costain House Vanwall Business Park Maidenhead Berkshire SL6 4UB
Independent auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Costain Alcaidesa Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Wyllie

A O Bickerstaff

L J Fleming

Principal activity

The principal activity of the company is investment holding.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £Nil).

Business review

Fair review of the business

The company recorded a loss for the financial year of £755,124 (2016: loss £6,533).

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

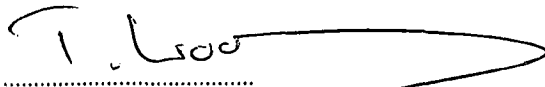
Appointment of auditor

PricewaterhouseCoopers LLP were appointed in the year to succeed KPMG LLP as auditor of Costain Group PLC and its subsidiary companies.

Small companies provision statement

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, therefore the Company has taken the exemption from the requirement to present a strategic report.

Approved by the Board on 12 April 2018 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 Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Director's Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Costain Alcaidesa Limited

Report on the audit of the financial statements

Opinion

In our opinion, Costain Alcaidesa Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Profit and Loss Account for the Year Ended 31 December 2017; Statement of Comprehensive Income for the Year Ended 31 December 2017; Balance Sheet as at 31 December 2017; Statement of Changes in Equity for the Year Ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

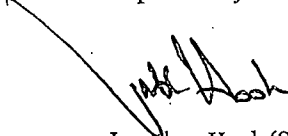
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.


Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 April 2018

Costain Alcaidesa Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue		-	-
Cost of sales		<u>(692,932)</u>	<u>36,142</u>
Operating (loss)/profit	3	<u>(692,932)</u>	<u>36,142</u>
Finance income	7	297,768	272,485
Finance costs	8	<u>(388,965)</u>	<u>(315,160)</u>
Net finance cost		<u>(91,197)</u>	<u>(42,675)</u>
Loss before tax		(784,129)	(6,533)
Income tax credit	9	<u>29,005</u>	-
Loss for the financial year		<u><u>(755,124)</u></u>	<u><u>(6,533)</u></u>

The above results were derived from continuing operations.

Costain Alcaidesa Limited

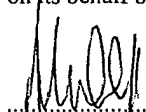
Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Loss for the financial year		(755,124)	(6,533)
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges		<u>(160,271)</u>	<u>(3,704,153)</u>
Total comprehensive expense for the year		<u><u>(915,395)</u></u>	<u><u>(3,710,686)</u></u>

Costain Alcaidesa Limited
(Registration number: 02042076)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	10	23,443,839	23,443,839
Current assets			
Debtors	11	10,665,673	10,188,433
Cash at bank and in hand	12	196,497	-
		<u>10,862,170</u>	<u>10,188,433</u>
Creditors: Amounts falling due within one year			
Trade and other payables	13	(30,817,574)	(29,228,435)
Loans and borrowings		-	(7)
		<u>(30,817,574)</u>	<u>(29,228,442)</u>
Creditors: Amounts falling due within one year		<u>(30,817,574)</u>	<u>(29,228,442)</u>
Net current liabilities		<u>(19,955,404)</u>	<u>(19,040,009)</u>
Net assets		<u>3,488,435</u>	<u>4,403,830</u>
Capital and reserves			
Called up share capital	14	32,500,000	32,500,000
Hedging reserve		(4,163,165)	(4,002,894)
Profit and loss account		<u>(24,848,400)</u>	<u>(24,093,276)</u>
Total shareholders' funds		<u>3,488,435</u>	<u>4,403,830</u>

The financial statements on pages 6 to 19 were approved by the Board of Directors on 12 April 2018 and signed on its behalf by:



A O Bickerstaff

Director

Costain Alcaidesa Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2017	32,500,000	(4,002,894)	(24,093,276)	4,403,830
Loss for the financial year	-	-	(755,124)	(755,124)
Other comprehensive expense	-	(160,271)	-	(160,271)
Total comprehensive expense	-	(160,271)	(755,124)	(915,395)
At 31 December 2017	<u>32,500,000</u>	<u>(4,163,165)</u>	<u>(24,848,400)</u>	<u>3,488,435</u>

	Called up share capital £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2016	32,500,000	(298,741)	(24,086,743)	8,114,516
Loss for the financial year	-	-	(6,533)	(6,533)
Other comprehensive expense	-	(3,704,153)	-	(3,704,153)
Total comprehensive expense	-	(3,704,153)	(6,533)	(3,710,686)
At 31 December 2016	<u>32,500,000</u>	<u>(4,002,894)</u>	<u>(24,093,276)</u>	<u>4,403,830</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:

Costain House
Vanwall Business Park
Maidenhead
Berkshire
SL6 4UB
UK

These financial statements were authorised for issue by the Board on 12 April 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention, except for the following, which are measured at fair value:

- financial assets and liabilities measured;

The company is a wholly-owned subsidiary of Costain Group PLC and is included in the consolidated financial statements of Costain Group PLC which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of Costain Group PLC.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Costain Engineering & Construction Limited, the Company's United Kingdom holding undertaking. Costain Engineering & Construction Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company and in particular will not seek repayment of the amounts currently made available.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Finance income and costs policy

Interest receivable and payable on bank deposits and between group undertakings is credited or charged to the profit and loss as incurred, using the effective interest method.

The notes on pages 10 to 19 form an integral part of these financial statements.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at year-end exchange rates. Exchange differences on such items and on transactions completed in the ordinary course of business are dealt with in profit on ordinary activities. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Fixed asset investments are stated at historical cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Impairments are reversed in line with improvements in the recoverable amount of the investment.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Derivatives and hedging

Derivative financial instruments are used to manage risks arising from changes in foreign exchange rates and are measured at their fair value. The fair value of forward exchange contracts is their quoted market value at the statement of financial position date. Valuations for forward exchange contracts are determined using valuation techniques supported by reference to market values for similar transactions.

Hedges are designated in line with established risk management policies and classified as cash flow hedges that hedge exposure to variability in cash flows that is attributable to either a particular risk associated with a recognised asset or liability or a forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity, with any ineffective portion in the income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flow affects the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss is transferred to the income statement.

IFRSs not applied

The following IFRSs having been endorsed, will be applicable as stated below:

IFRS 9 'Financial Instruments'

Published in July 2014 and replacing the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement.' IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Directors have assessed the financial statements considering the application of IFRS 9 and conclude that there is no impact on the company results.

IFRS 15 'Revenue from Contracts with Customers'

Issued in May 2015 and effective for accounting periods beginning on or before 1 January 2018.

IFRS 15 replaces existing revenue recognition standards: IAS 11 'Construction Contracts' and IAS 18 'Revenue', and moves away from the 'risks and rewards' concept of revenue recognition used by IAS 18 to a concept of 'transfer of control'. Its core principle is that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer. The standard is intended to bring greater transparency and comparability to financial reporting. The company will adopt the modified retrospective transition approach to the standard, where an impact of adoption is identified.

The Directors have assessed the financial statements considering the application of IFRS 15 and conclude that there is no impact on the company results.

The notes on pages 10 to 19 form an integral part of these financial statements.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

IFRS 16 'Leases'

Replaces the existing accounting requirements in IAS 17 'Leases'. The adoption of IFRS 16 is mandatory for the accounting period beginning 1 January 2019. A single model for lessees will be required, eliminating off balance sheet accounting for non-exempt operating leases. As a result, lease liabilities and corresponding right of use lease assets will come onto the balance sheet and be unwound and depreciated over the term of the lease. The presentation and timing of income and expense recognition in the income statement will change, although the total income and expense over the term of the lease remains the same. There will be no impact on cash flows as the payments received or paid under the leases remain the same, although there will be a change in presentation of cash flows. The application of the new standard will have a varying impact on opening retained earnings at the initial date of adoption dependent upon which transition method is chosen.

The directors are assessing the impact of IFRS 16, but do not expect it to impact the company results.

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2017	2016
	£	£
Foreign exchange losses/(gains)	14,187	(36,146)
Hedging losses/(gains)	678,669	-

4 Auditor's remuneration

The deemed audit fee for the company was £1,000 (2016: £1,000).

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

5 Staff costs

There were no staff employed during the year (2016: nil).

6 Directors' remuneration

No remuneration was paid to the directors of the company during the period (2016: £Nil).

7 Finance income

	2017	2016
	£	£
Interest income from group undertakings	<u>297,768</u>	<u>272,485</u>

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

8 Finance costs

	2017	2016
	£	£
Interest expense payable to group undertakings	<u>388,965</u>	<u>315,160</u>

9 Income tax

Tax credited in the profit and loss account

	2017	2016
	£	£
Current taxation		
UK corporation tax	<u>(29,005)</u>	<u>-</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017	2016
	£	£
Loss before tax	<u>(784,129)</u>	<u>(6,533)</u>
Corporation tax at standard rate	(150,945)	(1,307)
Increase (decrease) arising from group relief tax reconciliation	<u>121,940</u>	<u>1,307</u>
Total tax credit	<u>(29,005)</u>	<u>-</u>

The rate of corporation tax reduces to 17% with effect from 1 April 2020.

No deferred taxation has been recognised on 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 2017 (continued)

10 Investments

	2017 £	2016 £
Investments in subsidiaries	23,443,839	23,443,839
Subsidiaries		£
Cost or valuation		
At 1 January 2016		<u>23,492,498</u>
At 31 December 2016		<u>23,492,498</u>
At 1 January 2017		<u>23,492,498</u>
At 31 December 2017		<u>23,492,498</u>
Provision		
At 1 January 2016		<u>48,659</u>
At 31 December 2016		<u>48,659</u>
At 1 January 2017		<u>48,659</u>
At 31 December 2017		<u>48,659</u>
Carrying amount		
At 31 December 2017		<u><u>23,443,839</u></u>
At 31 December 2016		<u><u>23,443,839</u></u>

Details of the subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held		Registered office
		2017	2016	
Alcaidesa Holding SA*	Golf Course and Marina Operations	100%	100%	(1)
Alcaidesa Servios SA	Trading	100%	100%	(1)
Alcaidesa Golf SA	Trading	100%	100%	(1)

* indicates direct investment of the company.

(1) Avda. Pablo Cerezo, s/n, Club de Golf Alcaidesa, 11360 - San Roque-Cádiz, Spain

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

11 Debtors

	2017	2016
	£	£
Amounts owed by group undertakings	10,636,668	10,188,433
Group relief receivable	29,005	-
Less non-current portion	<u>(9,272,405)</u>	<u>(9,734,495)</u>
	<u>1,393,268</u>	<u>453,938</u>

Amounts receivable from other group undertakings is unsecured, repayable on demand but accrues interest at a rate of 0%-3%.

Details of non-current trade and other Trade debtors

£9,272,405 (2016: £9,734,495) of amounts owed by group undertakings is classified as non current.

12 Cash and cash equivalents

	2017	2016
	£	£
Cash at bank	196,497	-
Bank overdrafts	<u>-</u>	<u>(7)</u>
Cash and cash equivalents	<u>196,497</u>	<u>(7)</u>

The Company's bankers have the right to set off the Company's principal pounds sterling bank balances when in credit against borrowings by, a fellow subsidiary of the Costain Group, Richard Costain Limited. In addition, one of the arrangements requires that all cash balances are transferred to Richard Costain Limited on a daily basis; such arrangement 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 cash balance of £196,497 (2016: overdraft of £7) represents cash held in the Euro bank account.

13 Trade and other payables

Current

	2017	2016
	£	£
Amounts owed to group undertakings	30,296,189	28,363,560
Other creditors	<u>521,385</u>	<u>864,875</u>
	<u>30,817,574</u>	<u>29,228,435</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

13 Trade and other payables (continued)

Other creditors represents the fair values of outstanding forward currency sales contracts designated as cash flow hedges. The Company's subsidiary, Alcaidesa Holding SA, a company based in Spain, is denominated in euro. The forward sales contracts totalled €28.0 million (£24.6 million) (2016: €30.5 million (£26.2 million)) held as a hedge against the net carrying value of the investment.

Forward currency contracts that hedge forecast transactions are classified as cash flow hedges and stated at fair value based on a Level 2 valuation method, using quoted forward exchange rates. The terms of the foreign currency contracts match the terms of the commitments. There were no ineffective hedges at the year-end (2016: none).

Amounts payable to other group undertakings is unsecured, repayable on demand but accrues interest at a rate of 0%-3%.

14 Called up share capital

Allotted, called up and fully paid shares

	2017		2016	
	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>

15 Reserves

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (as explained in note 13).

16 Contingent liabilities

The company has entered into cross guarantees together with the ultimate parent company and certain fellow group undertakings for borrowing facilities made available to the group. At 31 December 2017 these liabilities amounted to £70.2 million (2016: £69.9 million).

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.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

17 Parent and ultimate parent undertaking

The company's immediate parent is Costain Engineering & Construction Limited.

The ultimate parent is Costain Group PLC.

The parent of the largest group producing publicly available financial statements in which these financial statements are consolidated is Costain Group PLC. These financial statements are available upon request from Costain House, Vanwall Business Park, Maidenhead, Berkshire, SL6 4UB.

The ultimate controlling party is Costain Group PLC.