

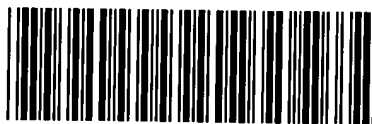
Registration number: 02042076

Costain Alcaidesa Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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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
Auditors	KPMG LLP 15 Canada Square London E14 5GL

Costain Alcaidesa Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' of the company

The directors, who held office during the year, were as follows:

A Wyllie

A O Bickerstaff

L J Fleming

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: £Nil).

Business review

Fair review of the business

The principal activity of the Company is investment holding.

The company recorded a loss after tax of £6,533 (2015: loss £2,693,373).

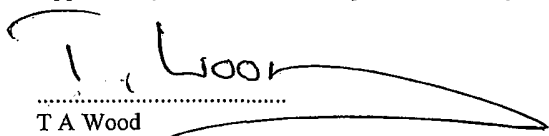
Disclosure of information to the auditors

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.

Reappointment of auditors

During 2016, Costain Group PLC, the company's ultimate parent, decided to change its auditors in recognition of good governance. A number of firms were approached to tender for the audit and it has been recommended to the Board that PricewaterhouseCoopers LLP be proposed as auditor of Costain Group PLC and its subsidiary companies. As a result of the tender, KPMG LLP's appointment will expire following the approval of these accounts by the directors and appointment of PricewaterhouseCoopers LLP as the company's auditor for the financial year ending 31 December 2017 will be proposed at the company's AGM.

Approved by the Board on 26 April 2017 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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 United Kingdom 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 2016, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 '*Reduced Disclosure Framework*'.

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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

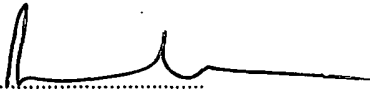
- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Marshall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
London
E14 5GL

26 April 2017

Costain Alcaidesa Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover		-	-
Cost of sales		<u>36,142</u>	<u>(25,312)</u>
Gross profit/(loss)		36,142	(25,312)
Impairment of investment	3	<u>-</u>	<u>(2,668,061)</u>
Operating profit/(loss)	4	<u>36,142</u>	<u>(2,693,373)</u>
Finance income	7	272,485	112,623
Finance costs	8	<u>(315,160)</u>	<u>(112,623)</u>
Net finance cost		<u>(42,675)</u>	<u>-</u>
Loss before tax		<u>(6,533)</u>	<u>(2,693,373)</u>
Loss for the year		<u>(6,533)</u>	<u>(2,693,373)</u>

The above results were derived from continuing operations.

Costain Alcaidesa Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

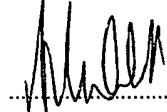
	Note	2016 £	2015 £
Loss for the year		(6,533)	(2,693,373)
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges	15	<u>(3,704,153)</u>	<u>(298,741)</u>
Total comprehensive expense for the year		<u>(3,710,686)</u>	<u>(2,992,114)</u>

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

Costain Alcaidesa Limited
(Registration number: 02042076)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	10	23,443,839	23,443,839
Current assets			
Debtors	11	10,188,433	8,669,950
Cash at bank and in hand	12	-	102,391
		<u>10,188,433</u>	<u>8,772,341</u>
Creditors: Amounts falling due within one year			
Trade and other creditors	13	(29,228,435)	(24,101,664)
Loans and borrowings	12	(7)	-
		<u>(29,228,442)</u>	<u>(24,101,664)</u>
Creditors: Amounts falling due within one year			
		<u>(19,040,009)</u>	<u>(15,329,323)</u>
Net current liabilities			
		<u>4,403,830</u>	<u>8,114,516</u>
Net assets			
Capital and reserves			
Called up share capital	14	32,500,000	32,500,000
Hedging reserve	15	(4,002,894)	(298,741)
Profit and loss account		<u>(24,093,276)</u>	<u>(24,086,743)</u>
Shareholders' funds		<u>4,403,830</u>	<u>8,114,516</u>

Approved by the Board on 26 April 2017 and signed on its behalf by:



.....
A C Bickerstaff

Director

Costain Alcaidesa Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Hedging reserve £	Retained earnings £	Total £
At 1 January 2016	<u>32,500,000</u>	<u>(298,741)</u>	<u>(24,086,743)</u>	<u>8,114,516</u>
Loss for the year	-	-	(6,533)	(6,533)
Other comprehensive income	-	(3,704,153)	-	(3,704,153)
Total comprehensive income	-	(3,704,153)	(6,533)	(3,710,686)
At 31 December 2016	<u><u>32,500,000</u></u>	<u><u>(4,002,894)</u></u>	<u><u>(24,093,276)</u></u>	<u><u>4,403,830</u></u>

	Share capital £	Hedging reserve £	Retained earnings £	Total £
At 1 January 2015	<u>32,500,000</u>	-	<u>(21,393,370)</u>	<u>11,106,630</u>
Loss for the year	-	-	(2,693,373)	(2,693,373)
Other comprehensive income	-	(298,741)	-	(298,741)
Total comprehensive income	-	(298,741)	(2,693,373)	(2,992,114)
At 31 December 2015	<u><u>32,500,000</u></u>	<u><u>(298,741)</u></u>	<u><u>(24,086,743)</u></u>	<u><u>8,114,516</u></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 2016

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 26 April 2017.

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 were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (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 IFRS13 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 accounts 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.

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 2016 (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

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.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (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.

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

3 Impairment of investment

The analysis of the Company's other gains and losses for the year is as follows:

		2016	2015
		£	£
Impairment of joint venture	10	-	(2,619,402)
Impairment of subsidiary	10	-	(48,659)
Impairment of investment		<u>-</u>	<u>(2,668,061)</u>

4 Operating loss

Operating loss is stated after charging/(crediting):

	2016	2015
	£	£
Foreign exchange (gains)/losses	<u>(36,146)</u>	<u>25,312</u>

5 Auditors' remuneration

The deemed audit fee for the company was £1,000 (2015: £1,000).

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

6 Staff costs

No emoluments were paid to the directors of the company during the period (2015:£Nil).

There were no staff employed during the year (2015: nil).

7 Other interest receivable and similar income

	2016	2015
	£	£
Interest income from group undertakings	<u>272,485</u>	<u>112,623</u>

8 Interest payable and similar charges

	2016	2015
	£	£
Interest expense payable to group undertakings	<u>315,160</u>	<u>112,623</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 2016 (continued)

9 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Loss before tax	<u>(6,533)</u>	<u>(2,693,373)</u>
Corporation tax at standard rate	(1,307)	(545,408)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	-	545,408
Increase (decrease) arising from group relief tax reconciliation	<u>1,307</u>	<u>-</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The rate of corporation tax reduces to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020.

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 2016 (continued)

10 Investments

Subsidiaries	£
Cost or valuation	
At 1 January 2015	-
Additions	<u>23,492,498</u>
At 31 December 2015	<u>23,492,498</u>
At 1 January 2016	<u>23,492,498</u>
At 31 December 2016	<u>23,492,498</u>
Provision	
At 1 January 2015	-
Provision	<u>48,659</u>
At 31 December 2015	<u>48,659</u>
At 1 January 2016	<u>48,659</u>
At 31 December 2016	<u>48,659</u>
Carrying amount	
At 31 December 2016	<u><u>23,443,839</u></u>
At 31 December 2015	<u><u>23,443,839</u></u>

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held		Registered office
		2016	2015	
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

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 2016 (continued)

10 Investments (continued)

Joint ventures

	£
Cost or valuation	
At 1 January 2015	48,931,000
Additions	980,899
Disposals	<u>(49,911,899)</u>
At 31 December 2015	-
At 31 December 2016	-
Provision	
At 1 January 2015	23,800,000
Provision	2,619,402
Eliminated on disposals	<u>(26,419,402)</u>
At 31 December 2015	-
At 31 December 2016	-
Carrying amount	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>-</u>

The Company's 50% investment in Alcaidesa Holding SA was reorganised in the prior year with the assets being split equally between the partners. Under the transaction, which generated no profit or loss (excluding the impairment) to the Company, the Company took ownership of its share of the assets by a purchase of the partner's interest in the restructured company, which became a wholly owned subsidiary.

11 Debtors

	2016	2015
	£	£
Amounts owed by group undertakings	<u>10,188,433</u>	<u>8,669,950</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 2016 (continued)

12 Cash and cash equivalents

	2016	2015
	£	£
Cash at bank	-	102,391
Bank overdrafts	<u>(7)</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>(7)</u>	<u>102,391</u>

The Company's bankers have the right to set off the Company's principal bank balance when in credit against borrowings by, a fellow subsidiary, Richard Costain Limited. In addition, these arrangements require that all cash balances are transferred to 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 2016 was £Nil (2015: £Nil).

The overdraft balance of £7 (2015: cash at bank of £102,391) represents cash held in the Euro bank account.

13 Trade and other creditors

Current

	2016	2015
	£	£
Amounts owed to group undertakings	28,363,560	23,802,923
Other creditors	<u>864,875</u>	<u>298,741</u>
	<u>29,228,435</u>	<u>24,101,664</u>

Other creditors represents the cash flow hedges. The Company's subsidiary, Alcaidesa Holding SA, a company based in Spain, is denominated in euro. The company has forward sales contracts totalling €30.5 million (£26.2 million) held as a hedge against the net carrying value of the assets of Alcaidesa.

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.

At 31 December 2016, the Company had six foreign currency sale contracts (2015: six) designated as hedges of future transactions. The carrying value represents the fair value of the contract; the contractual cash flows represent the pound sterling commitments. There were no ineffective hedges at the year end (2015: none).

Costain Alcaidesa Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	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.

The Company's investment in Alcaidesa Holding SA is hedged by euro currency contracts (6 sale contracts (2015: 6 sale contracts)), which mitigate the foreign currency risk arising from the subsidiary's net assets. No effectiveness was recognised from the net investment hedge.

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 2016 these liabilities amounted to £69.9 million (2015: £38.5 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.

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.