

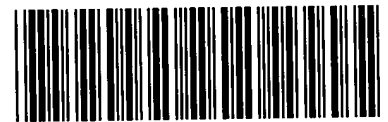
Registration number: 02757907

Costain Civil Engineering Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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Costain Civil Engineering Limited

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Costain Civil Engineering Limited

Company Information

Directors	A Wyllie M D Hunter T A Wood
Company secretary	T A Wood
Registered office	Costain House Vanwall Business Park Maidenhead SL6 4UB
Auditor	KPMG LLP 15 Canada Square London E14 5GL

Costain Civil Engineering Limited

Directors' Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the company

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

A Wyllie

M D Hunter

T A Wood - Company secretary and director

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £Nil).

Business review

Fair review of the business

The principal activity of the company is investment holding.

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.

Reappointment of auditor

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 26 April 2016 and signed on its behalf by:



.....
T A Wood
Company secretary and director

Costain Civil Engineering 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 Civil Engineering Limited

We have audited the financial statements of Costain Civil Engineering Limited for the year ended 31 December 2015, set out on pages 6 to 18. 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 2015 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

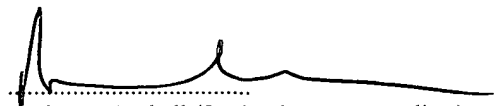
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of Costain Civil Engineering Limited
(continued)**

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 2016

Costain Civil Engineering Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		<u>-</u>	<u>-</u>
Operating profit/(loss)		-	-
Income from shares in group undertakings	7	2,400,000	2,400,000
Interest payable and similar charges	5	<u>(3,034,031)</u>	<u>(3,031,473)</u>
Loss before tax		(634,031)	(631,473)
Tax on loss on ordinary activities	6	<u>614,391</u>	<u>651,767</u>
(Loss)/profit for the financial year		<u><u>(19,640)</u></u>	<u><u>20,294</u></u>

The above results were derived from continuing operations.

Costain Civil Engineering Limited

(Registration number: 02757907)
Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	7	125,000,000	125,000,000
Current assets			
Debtors	8	614,391	651,767
Creditors: Amounts falling due within one year			
Trade and other creditors	10	<u>(121,502,591)</u>	<u>(121,520,327)</u>
Net current liabilities		<u>(120,888,200)</u>	<u>(120,868,560)</u>
Net assets		<u>4,111,800</u>	<u>4,131,440</u>
Capital and reserves			
Called up share capital	11	4,100,000	4,100,000
Profit and loss account		<u>11,800</u>	<u>31,440</u>
Shareholders' funds		<u>4,111,800</u>	<u>4,131,440</u>

Approved by the Board on 26 April 2016 and signed on its behalf by:



M D Hunter

Director

Costain Civil Engineering Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Retained earnings £	Total £
At 1 January 2015	<u>4,100,000</u>	<u>31,440</u>	<u>4,131,440</u>
Loss for the year	<u>-</u>	<u>(19,640)</u>	<u>(19,640)</u>
Total comprehensive income	<u>-</u>	<u>(19,640)</u>	<u>(19,640)</u>
At 31 December 2015	<u>4,100,000</u>	<u>11,800</u>	<u>4,111,800</u>

	Share capital £	Retained earnings £	Total £
At 1 January 2014	<u>4,100,000</u>	<u>11,146</u>	<u>4,111,146</u>
Profit for the year	<u>-</u>	<u>20,294</u>	<u>20,294</u>
Total comprehensive income	<u>-</u>	<u>20,294</u>	<u>20,294</u>
At 31 December 2014	<u>4,100,000</u>	<u>31,440</u>	<u>4,131,440</u>

The notes on pages 9 to 18 form an integral part of these financial statements.

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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
SL6 4UB
UK

These financial statements were authorised for issue by the Board on 26 April 2016.

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 Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (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 Group PLC, the Company's United Kingdom holding undertaking. Costain Group PLC 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.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the financial statements.

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Interest costs are expensed through the profit and loss account as and when incurred.

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

Investments in group undertakings 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.

3 Auditor's remuneration

The deemed audit fee for the company during the year was £1,500 (2014: £1,500).

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.

4 Staff costs

No emoluments were paid to the directors of the company during the period (2014: £Nil).

There were no staff employed during the year (2014: nil).

5 Interest payable and similar charges

	2015	2014
	£	£
Interest payable to group undertakings	<u>3,034,031</u>	<u>3,031,473</u>

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Income tax

Tax charged/(credited) in the income statement

	2015 £	2014 £
Current tax		
Group relief receivable at 20.25% (2014: 21.5%)	<u>(614,391)</u>	<u>(651,767)</u>
Total current tax	<u><u>(614,391)</u></u>	<u><u>(651,767)</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2014 - the same as the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £	2014 £
Loss before tax	<u>(634,031)</u>	<u>(631,473)</u>
Corporation tax at standard rate	(128,391)	(135,767)
Decrease from effect dividends from UK companies	<u>(486,000)</u>	<u>(516,000)</u>
Total tax credit	<u><u>(614,391)</u></u>	<u><u>(651,767)</u></u>

7 Investments

Subsidiaries

£

Carrying amount

At 31 December 2015

125,000,000

At 1 January 2014

125,000,000

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

7 Investments (continued)

Details of the subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held	
		2015	2014
Costain Ltd*	Engineering & Contracting	100%	100%
Costain Upstream Ltd	Engineering & design	100%	100%
EPC Offshore Ltd	Not trading	100%	100%
Promanex (C & IS) Ltd	Not trading	100%	100%
Promanex (C & MS) Ltd	Not trading	100%	100%
Promanex Group Holdings Ltd	Holding company	100%	100%
Promanex Group Ltd	Not trading	100%	100%
Promanex (TFM & ES) Ltd	Support services	100%	100%
Costain Integrated Services Ltd	Professional services	100%	0%
Rhead Group Holdings Ltd	Holding company	100%	0%
RG Bidco Ltd	Holding company	100%	0%
Rhead Bidco Ltd	Holding company	100%	0%
Rhead Holdings Ltd	Holding company	100%	0%
L.R.R. Holdings Ltd	Holding company	100%	0%
Construction Study Centre Ltd	Consulting	100%	0%
Brunswick Infrastructure Services Ltd	Consulting	100%	0%
Alway Associates (London) Ltd	Consulting	100%	0%
Alway Associates Ltd	Not trading	100%	0%
Alway Associates (International) Ltd	Not trading	100%	0%
Alway IT Ltd	Not trading	100%	0%
Construct Safe Ltd	Not trading	100%	0%
AB Rhead & Associates Ltd	Consulting	100%	0%
F & P Consulting Ltd	Not trading	100%	0%
C-in-A Ltd	Consulting	100%	0%
Calvert & Russell Ltd	Consulting	100%	0%
JBCC Rhead PTE Ltd	Holding company	100%	0%
Rhead Group Holdings (Australia) Pty Ltd	Holding company	100%	0%
Rhead Group Pty Ltd	Consulting	100%	0%
I.C.P. Solutions Pty Ltd	Consulting	100%	0%

* indicates direct investment of Costain Civil Engineering Limited

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

7 Investments (continued)

A dividend of £2,400,000 was received from Costain Limited during the year (2014: £2,400,000).

8 Debtors

	2015 £	2014 £
Group relief receivable	<u>614,391</u>	<u>651,767</u>
	<u>614,391</u>	<u>651,767</u>

9 Cash and cash equivalents

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 2015 was £Nil (2014: £Nil).

10 Creditors

Current

	2015 £	2014 £
Amounts owed to group undertakings	<u>121,502,591</u>	<u>121,520,327</u>

11 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>

12 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 2015 these liabilities amounted to £38.5 million (2014: £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.

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related party transactions

Summary of transactions with other related parties

There were no transactions with related parties other than intra-group.

Major Joint Arrangements

		Activity	Percentage interest
Alstom-Babcock-Costain Joint Venture	Edinburgh to Glasgow Rail Improvement Programme	Rail engineering	33.3%
Alstom-Costain C644 Joint Venture	Traction power - Crossrail	Rail engineering	50%
Alstom-Costain C650 Joint Venture	HV power supply - Crossrail	Rail engineering	50%
A-one+ Integrated Highway Services	MAC 12	Engineering & Maintenance	33.3%
A-one+ Integrated Highway Services	MAC 14	Engineering & Maintenance	33.3%
A-one+ Integrated Highway Services	MAC 7	Engineering & Maintenance	33.3%
A-one+ Joint Venture	ASC area 12 - Highways England	Engineering & Maintenance	33.3%
A-one+ Joint Venture	ASC area 4 - Highways England	Engineering & Maintenance	33.3%
ATC Joint Venture - C610	Crossrail	Rail Engineering	32.5%
Balfour Beatty-BmJV-Carillion-Costain Joint Venture	National Major Projects - Highways England	Civil Engineering	22%
CH2M Hill-Costain Joint Venture	East Sussex highway maintenance	Engineering & Maintenance	50%
Costain-Atkins Joint Venture	Thames Water AMP6	Civil Engineering	88%
Costain-Carillion Joint Venture	M1 Widening and A5/M1 Link	Civil Engineering	50%

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related party transactions (continued)

Costain-Dalekovod Joint Venture	National Grid HV Overload Line System	Engineering	60%
Costain-Laing O'Rourke Joint Venture	Bond Street station	Civil Engineering	50%
Costain-MWH Joint Venture	Southern Water AMP6	Civil Engineering	50%
Costain-Skanska C360 Joint Venture	Eleanor Street - Crossrail	Civil Engineering	50%
Costain-Skanska C405 Joint Venture	Paddington - Crossrail	Civil Engineering	50%
Costain-Skanska C412 Joint Venture	Bond Street - Crossrail	Civil Engineering	50%
Costain-Skanska Joint Venture	A14 Cambridge to Huntingdon Improvement Scheme	Civil Engineering	50%
Costain-Skanska Joint Venture	NGT Tunnels, London	Civil Engineering	50%
Costain-Skanska Joint Venture	Paddington Station Bakerloo Line Link Project	Civil Engineering	50%
Costain-Vinci Construction Joint Venture	Shieldhall	Civil Engineering	50%
Costain-Vinci Construction Joint Venture	M4 corridor around Newport	Civil Engineering	50%
CVB Joint Venture	Thames Tideway Tunnel East	Civil Engineering	40%
Educo UK Joint Venture	Bradford Schools	Building	50%
Galliford-Costain-Atkins Joint Venture	United Utilities	Civil Engineering	42.5%
Lagan-Ferrovial-Costain	A8	Civil Engineering	45%
The e5 Joint Alliance	Severn Trent Framework	Civil Engineering	25%
Other Joint arrangements, including completed		Activity	Percentage interest
ACTUS Joint Venture	Trawsfynydd nuclear power station active waste retrieval	Civil Engineering	25%
Amec-Costain-Jacobs Joint Venture	Magnox ILW Management Programme	Civil Engineering	33.3%

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related party transactions (continued)

A-one+ Integrated Highway Services	MAC 10	Civil Engineering	25%
Bachy Soletanche-Costain Skanska Joint Venture	CTRL 240 - Stratford Box	Civil Engineering	33.3%
Black & Veatch-Costain Joint Venture	Margate & Broadstairs UWWTD Scheme - Southern Water	Civil Engineering	62%
Costain-Hochtief Joint Venture	Reading Station	Civil Engineering	50%
Costain-John Mowlem-Skanska Joint Venture	A2/M2 widening (Cobham to Jct.2)	Civil Engineering	30%
Costai-Lafarge Joint Venture	East and South East Framework	Civil Engineering	50%
Costai-Lafarge Joint Venture	Midlands Framework	Civil Engineering	50%
Costain-Laing O'Rourke Joint Venture	Farringdon station	Civil Engineering	50%
Costain-Laing O'Rourke Joint Venture	King's Cross Eastern Range Refurbishment	Civil Engineering	50%
Costain-Skanska C411 Joint Venture	Bond Street - Crossrail	Civil Engineering	50%
Costain-Skanska Joint Venture	A14 Ellington to Fen Ditton	Civil Engineering	50%
Costain-Skanska Joint Venture	A43 Silverstone	Civil Engineering	50%
Costain-Skanska Joint Venture	Crossrail Civils Framework Enabling Works	Civil Engineering	50%

Costain Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

14 Parent and ultimate parent undertaking

The company's immediate parent is Costain Group PLC.

The most senior parent entity producing publicly available consolidated financial statements is Costain Group PLC. These financial statements are available upon request from Costain House, Vanwall Business Park, Maidenhead, Berkshire, SL6 4UB.

15 Transition to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Following transition from UK GAAP to FRS 101 no comparative figures were identified to be restated. As a result, it was not deemed necessary to present tables reconciling the transition within these financial statements. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2015.

Reconciliation of Profit and Loss Account

No adjustments were posted to restate the prior years' Profit and Loss Accounts as a result of the decision to transition to FRS 101 on 1 January 2015.

Reconciliation of Equity

No adjustments were posted to restate the prior years equity balances as a result of the decision to transition to FRS 101 on 1 January 2015.