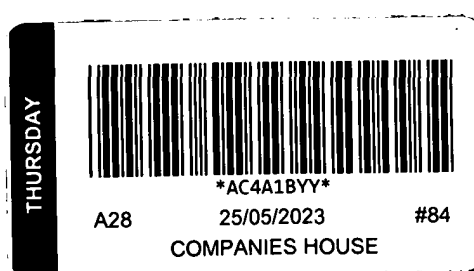


Registration number: 00274453

Richard Costain Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Richard Costain Limited

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Richard Costain Limited

Company Information

Directors	H M Willis
	W Clements
Company secretary	N Geoghegan
Registered office	Costain House
	Vanwall Business Park
	Maidenhead
	Berkshire
Independent auditors	SL6 4UB
	PricewaterhouseCoopers LLP
	1 Embankment Place
	London
	WC2N 6RH

Richard Costain Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

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:

H M Willis

M D Hunter (resigned 18 March 2022)

W Clements (appointed 18 March 2022)

Principal activities

The principal activity of the company is to continue to administer banking and financing arrangements for the Costain Group of companies.

Dividends

The directors recommended a payment of a dividend of £Nil paid during the year (2021: £Nil).

Business review

Fair review of the business

The company recorded a profit for the year of £4,431,327 (2021: £2,727,090). Net assets increased in the year to £36,751,423 (2021: £32,320,096).

Environmental matters

We are mindful of the macro-economic backdrop and market conditions due to wider economic and geopolitical challenges, and we continue to monitor and work to mitigate headwinds in commodity and energy costs, as well as challenges in the supply chain.

Future developments

The directors do not expect any significant changes to the principal activities of the company in the foreseeable future.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The directors have concluded that after having received an undertaking from Costain Group PLC 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, it is appropriate to adopt the going concern basis in preparing these financial statements.

Statement of directors' responsibilities in respect of the financial statements

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, 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

Richard Costain Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Disclosure of information to the auditors

The directors confirm that, so far as they are aware, there is no relevant audit information (as defined in Section 418 of the Companies Act 2006) of which the company's external auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's external auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Reappointment of independent auditors

The independent auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 20 April 2023 and signed by its order by:

DocuSigned by:

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Company secretary

Independent auditors' report to the members of Richard Costain Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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: the Statement of Financial Position as at 31 December 2022; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Assessment of matters reported in the Group's whistleblowing helpline and the results of the management's investigation of such matters; and
- Identifying and testing journal entries, in particular any journals entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2023

Richard Costain Limited

Income Statement
for the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue		-	962
Cost of sales		<u>(800)</u>	<u>(29,393)</u>
Operating loss		<u>(800)</u>	<u>(28,431)</u>
Finance income	4	9,460,501	5,767,213
Finance costs	5	<u>(3,849,232)</u>	<u>(2,363,129)</u>
Net finance income		<u>5,611,269</u>	<u>3,404,084</u>
Profit before tax		5,610,469	3,375,653
Tax on profit	9	<u>(1,179,142)</u>	<u>(648,563)</u>
Profit for the financial year		<u><u>4,431,327</u></u>	<u><u>2,727,090</u></u>

The above results were derived from continuing operations.

Richard Costain Limited

Statement of Comprehensive Income
for the year ended 31 December 2022

	2022	2021
	£	£
Profit for the financial year	<u>4,431,327</u>	<u>2,727,090</u>
Total comprehensive income for the year	<u><u>4,431,327</u></u>	<u><u>2,727,090</u></u>

Richard Costain Limited
(Registration number: 00274453)
Statement of Financial Position
as at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Trade and other receivables	10	244,933,178	236,574,464
Cash and cash equivalents	11	<u>50,120,884</u>	<u>17,460,346</u>
		295,054,062	254,034,810
Creditors - amounts falling due within one year	12	<u>(258,302,639)</u>	<u>(221,714,714)</u>
Net assets		<u>36,751,423</u>	<u>32,320,096</u>
Equity			
Called up share capital	13	24,600,167	24,600,167
Retained earnings		<u>12,151,256</u>	<u>7,719,929</u>
Total shareholders' funds		<u>36,751,423</u>	<u>32,320,096</u>

The financial statements on pages 7 to 20 were approved by the board of directors on 20 April 2023 and signed on its behalf by:

DocuSigned by:

Helen Willis

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H M WILLIS

Director

Richard Costain Limited**Statement of Changes in Equity**
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2022	24,600,167	7,719,929	32,320,096
Profit for the financial year	-	4,431,327	4,431,327
Total comprehensive income	-	4,431,327	4,431,327
At 31 December 2022	<u>24,600,167</u>	<u>12,151,256</u>	<u>36,751,423</u>

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 January 2021	24,600,167	4,992,839	29,593,006
Profit for the financial year	-	2,727,090	2,727,090
Total comprehensive income	-	2,727,090	2,727,090
At 31 December 2021	<u>24,600,167</u>	<u>7,719,929</u>	<u>32,320,096</u>

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

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

The address of its registered office is:

Costain House
Vanwall Business Park
Maidenhead
Berkshire
SL6 4UB
United Kingdom

These financial statements were authorised for issue by the board on 20 April 2023.

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 the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention.

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment which the company operates. The financial statements are presented in 'pounds sterling' (£), which is also the company's functional currency.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The ultimate parent company, Costain Group PLC, manages its United Kingdom cash balances using a centralised cash system and surplus cash held by the company, outside of joint arrangements, is loaned at interest to a fellow subsidiary on a day-to-day basis. These loans are repaid or new loans advanced daily to satisfy any cash requirements.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The directors have concluded that after having received an undertaking from Costain Group PLC 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, it is appropriate to adopt the going concern basis in preparing these financial statements.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (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;
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs;
- (j) IAS 7, 'Statement of Cash Flows';
- (k) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- (l) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (m) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- (n) 'The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.'

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.

The notes on pages 11 to 20 form an integral part of these financial statements.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

New standards and changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements. These include:

- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16;
- Reference to the Conceptual Framework - Amendments to IFRS 3; and
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37.

The company also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions..

Revenue recognition

Recognition

The company recognises revenue when control over the service or product is transferred to the customer and revenue is measured at the fair value of the consideration received or receivable, net of value added tax. Where the consideration is variable, the amount recognised is highly probable not to suffer a significant reversal in future. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Finance income and costs

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

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.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of directly attributable premiums, discounts and transaction costs.

Subsequent to initial measurement, financial assets and financial liabilities are measured at amortised cost.

Derecognition

Financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from that asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

The company recognises loss allowances for expected credit losses on financial instruments, namely financial assets that are debt instruments and accounts and other receivables.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Trade receivables

Trade receivables are predominantly amounts due from other group undertakings for banking services performed. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for intercompany balances. To measure the expected credit losses, intercompany balances have been grouped based on shared credit risk characteristics and the days past due.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade creditors

Trade creditors are predominantly amounts due to other group undertakings. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant judgements and estimates made that would have a material effect in both current and future periods.

4 Finance income

	2022 £	2021 £
Interest income on bank deposits	67,031	-
Interest income from group undertakings	9,393,470	5,767,213
	<u>9,460,501</u>	<u>5,767,213</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Finance costs

	2022 £	2021 £
Interest on bank overdrafts and borrowings	-	907
Interest expense payable to group undertakings	<u>3,849,232</u>	<u>2,362,222</u>
	<u>3,849,232</u>	<u>2,363,129</u>

6 Staff costs

There were no staff employed during the year (2021 Nil).

7 Directors' remuneration

During 2022 and 2021, the directors were all remunerated by other Group companies. It is not possible to allocate reliably a fair proportion of these costs as services are provided to multiple entities.

8 Auditors' remuneration

The audit fee for the company was £10,000 (2021: £10,000)

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.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Tax on profit

Tax charged in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax for the period	1,064,151	646,301
Adjustment in respect of prior periods	<u>114,991</u>	<u>2,262</u>
	<u><u>1,179,142</u></u>	<u><u>648,563</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021: higher than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>5,610,469</u>	<u>3,375,653</u>
Corporation tax at standard rate of 19% (2021: 19%)	1,065,989	641,374
Increase in current tax from adjustment for prior periods	114,991	2,262
(Decrease)/increase from effect of expenses not deductible in determining taxable profit (tax loss)	<u>(1,838)</u>	<u>4,927</u>
Total tax charge	<u><u>1,179,142</u></u>	<u><u>648,563</u></u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This rate was substantively enacted on 24th May 2021. Deferred tax balances in these financial statements have been calculated at the rate of 25% or at 19% where the asset will unwind prior to April 2023.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Tax on profit (continued)

Deferred tax

The Company has deferred taxation assets that have not been recognised on the basis that their future economic benefit was not assured as at the balance sheet date. Tax relief will be obtained if suitable profits arise in future accounting periods.

	31 December 2022	31 December 2021
	£	£
Gross capital losses	<u>896,216</u>	<u>896,216</u>

10 Trade and other receivables

	31 December 2022	31 December 2021
	£	£
Amounts owed by group undertakings	244,933,178	236,459,802
Income tax receivable	-	114,662
	<u>244,933,178</u>	<u>236,574,464</u>

Details of amounts falling due in more than one year

£50,000,000 (2021: £50,000,000) of amounts owed by group undertakings is falling due in more than one year.

Amounts owed from other group undertakings are unsecured, repayable on demand and accrue interest at the Bank of England base rate plus 2.75% (2021: 2.5%).

11 Cash and cash equivalents

	31 December 2022	31 December 2021
	£	£
Cash at bank	<u>50,120,884</u>	<u>17,460,346</u>

Arrangements with Costain Group's bankers require that all cash balances within those arrangements are transferred from Costain Group companies to Richard Costain Limited on a daily basis; such arrangements are common place in large groups and facilitate effective cash management.

The Costain Group company's cash balance is replaced with an inter-company receivable from or inter-company payable by Richard Costain Limited.

Richard Costain Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Creditors

Amounts falling due within one year

	31 December 2022	31 December 2021
	£	£
Amounts owed to group undertakings	257,238,488	221,068,413
Group relief payable	1,064,151	646,301
	<u>258,302,639</u>	<u>221,714,714</u>

Amounts owed from group undertakings are unsecured, repayable on demand and accrue interest at the Bank of England Base rate less 0.25% or the Bank of England Base rate plus 2.75% (2021: 0% - 2.5%).

13 Called up share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary shares of £0.25 each	<u>98,400,668</u>	<u>24,600,167</u>	<u>98,400,668</u>	<u>24,600,167</u>

14 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 2022, these liabilities amounted to £Nil (2021: £40,000,000).

These 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 Parent and ultimate parent undertaking

The company's immediate parent is Costain Group PLC.

The ultimate parent is Costain Group PLC.

The parent of the largest and smallest group 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.

The ultimate controlling party is Costain Group PLC.

The notes on pages 11 to 20 form an integral part of these financial statements.