

COUNTY & DISTRICT PROPERTIES LIMITED

REGISTERED NUMBER 675355

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

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COUNTY & DISTRICT PROPERTIES LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2008

BUSINESS REVIEW

The company continued to carry out its principal activities of property development, investment and management.

The results for the year are set out in the Profit and Loss Account on page 4.

DIRECTORS

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

A Wyllie
A O Bickerstaff
M F Burdes

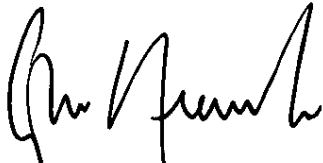
DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint its auditors annually and KPMG Audit Plc will therefore continue in office.

BY ORDER OF THE BOARD



CLIVE L FRANKS
SECRETARY
22 April 2009

REGISTERED OFFICE
Costain House, Vanwall Business Park,
Maidenhead, Berkshire SL6 4UB

COUNTY & DISTRICT PROPERTIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND
THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF COUNTY & DISTRICT PROPERTIES LIMITED

For the year ended 31 December 2008

We have audited the financial statements of County & District Properties Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

22 April 2009

KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

COUNTY & DISTRICT PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	1	439,671	360,628
Cost of sales		(556,433)	(423,182)
Operating loss		(116,762)	(62,554)
Interest receivable			
- On amounts due from group undertakings		2,748	5,110
- External		506	1,388
Loss on ordinary activities before taxation	2	(113,508)	(56,056)
Taxation	3	-	-
Loss for the financial year	11	(113,508)	(56,056)

All operating losses are attributable to continuing operations.

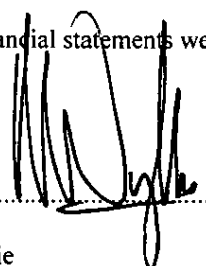
There were no recognised gains and losses other than the loss for the year and the preceding year.

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

COUNTY & DISTRICT PROPERTIES LIMITED
BALANCE SHEET
As at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	4	199,889	199,889
Current assets			
Debtors	5	24,225,389	24,202,938
Creditors: amounts falling due within one year	7	(204,653)	(113,134)
Net current assets		24,020,736	24,089,804
Total assets less current liabilities		24,220,625	24,289,693
Creditors: amounts falling due after more than one year	8	(44,440)	-
Provisions for liabilities and charges	9	(80,000)	(80,000)
Net assets		24,096,185	24,209,693
Capital and reserves			
Called up share capital	10	93,650,203	93,650,203
Share premium account	11	1,064,435	1,064,435
Profit and loss account	11	(70,618,453)	(70,504,945)
Equity shareholders' funds	12	24,096,185	24,209,693

The financial statements were approved by the Board of Directors on 22 April 2009 and were signed on its behalf by:


 Director
 A Wyllie

THE NOTES ON PAGES 6 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention.

CASH FLOW STATEMENT

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

TURNOVER

Turnover represents gross rental and management income from properties (excluding value added tax).

INTEREST AND FINANCE CHARGES

Interest and finance charges are written off to the profit and loss account as incurred.

TAXATION

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

2. Loss on ordinary activities before taxation

	2008 £	2007 £
Loss on ordinary activities is stated after charging:		
Rentals paid under operating leases	307,150	307,150
Auditors' remuneration - audit	2,000	2,000

There were no fees paid to KPMG Audit Plc for services other than the statutory audit of the company.

No emoluments were paid to the directors of the company during the year (2007: £nil).

There were no staff employed during the year (2007: nil).

COUNTY & DISTRICT PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2008

3. Taxation

Tax reconciliation:	2008	2007
	£	£
Loss on ordinary activities before taxation	(113,508)	(56,056)
	<hr/>	<hr/>
Tax at 28.5% (2007: 30%)	32,350	16,817
Sundry disallowed expenditure	-	(12,578)
Other timing differences	-	13,500
Group relief free of charge	(32,350)	(17,739)
	<hr/>	<hr/>
Total current 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.

The full potential deferred taxation assets not recognised at 28% (2007: 28%) were:

	2008	2007
	£	£
Other timing differences	22,400	22,400

4. Tangible assets

Property	Freehold land held for future development £
Cost and Net book value	
At 1 January and 31 December 2008	199,889

Freehold land is not depreciated and is valued at cost.

5. Debtors

	2008	2007
	£	£
Amounts falling due within one year:		
Trade debtors	100,015	102,027
Other debtors	27,206	6,577
Other prepayments and accrued income	98,168	94,334
Amounts owing by group undertakings	24,000,000	24,000,000
	<hr/>	<hr/>
	24,225,389	24,202,938

6. Cash at bank

The company's bankers have the right to set off the company's bank balance when in credit against borrowings by Richard Costain Limited.

COUNTY & DISTRICT PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2008

7. Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts falling due within one year		
Borrowings	106,134	107,832
Accruals and deferred income	98,519	5,302
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	204,653	113,134
	<hr/>	<hr/>

8. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts falling due after more than one year		
Other creditors	44,440	-
	<hr/>	<hr/>
	44,440	-
	<hr/>	<hr/>

9. Provisions for liabilities and charges

	At beginning of year £	Utilised £	Provided £	At end of year £
Void space provisions	80,000	(6,000)	6,000	80,000
	<hr/>	<hr/>	<hr/>	<hr/>

Expected to be utilised over the next 5 years

10. Share capital

	2008 and 2007	
	Authorised £	Issued and fully paid £
Ordinary shares of £1 each	100,000,000	93,650,203
	<hr/>	<hr/>

11. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2008	1,064,435	(70,504,945)
Loss for the financial year	-	(113,508)
	<hr/>	<hr/>
At 31 December 2008	1,064,435	(70,618,453)
	<hr/>	<hr/>

12. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Loss for the financial year	(113,508)	(56,056)
Opening shareholders' funds	24,209,693	24,265,749
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Closing shareholders' funds	24,096,185	24,209,693
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13. Contingent liability

The company has entered into cross guarantees together with the ultimate parent company and certain fellow group undertakings for overdraft facilities made available to the group. At 31 December 2008, these liabilities amounted to £nil (2007: £nil).

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

14. Other financial commitments

Annual commitments under non-cancellable operating leases of land and buildings on leases expiring after five years amounted to £307,150 (2007: £307,150).

15. Related parties transactions

The company is exempt under Financial Reporting Standard 8 from the requirements to disclose related party transactions with other group companies on the basis that it is a wholly owned subsidiary of the ultimate parent company, Costain Group PLC.

16. Ultimate parent undertaking

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

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