

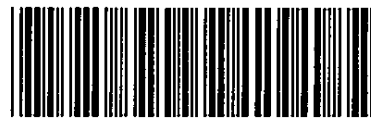
Registration number 01054232

Costain Building & Civil Engineering Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2013

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Costain Building & Civil Engineering Limited
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Costain Building & Civil Engineering Limited
Company Information

Directors	A Wyllie A O Bickerstaff T A Wood M D Hunter
Company secretary	T A Wood
Registered office	Costain House Vanwall Business Park Maidenhead Berkshire SL6 4UB
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL

Costain Building & Civil Engineering Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013

Directors of the company

The directors who held office during the year were as follows

A Wyllie

A O Bickerstaff

A J Handford (resigned 26 March 2013)

T A Wood - Company secretary and director

M D Hunter (appointed 8 April 2013)

Principal activity

The principal activity of the company is operating as a holding company. The company operated in the civil engineering market outside the United Kingdom but has sought no new work since 2007.

Business review

Principal risks and uncertainties

The principal risks, which could affect the operations of its investments and consequently the results of the company, are

- the general economic outlook, including the extent of any governmental regulation, taxation and interest rates,
- the ability to attract, develop and retain highly skilled management and personnel,
- the failure to follow Costain's Best Practice procedures. Projects are not delivered to time, cost, quality or appropriate health and safety and environmental standards and, therefore, do not meet clients' expectations, in addition, failure to follow Company Standards, Policies, Procedures and Guidelines could adversely affect the Company's reputation and/or expose it to financial liabilities and adversely affect the operational and financial performance,
- financial failure within the supply chain or the supply chain being responsible for late or inadequate delivery or poor quality of work on a project which damages the Company's reputation and/or causes it to suffer financial loss,

The company considers the following Key Performance Indicators are the most effective measures of progress toward achieving its objectives: Profit before tax and net cash flow.

Creditor Payment Policy and Practice

The company has no trade creditors.

Costain Building & Civil Engineering Limited
Directors' Report for the Year Ended 31 December 2013

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Disclosure of information to the auditor

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 auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Reappointment of auditor

KPMG Audit Plc have notified the Company that they will be resigning as auditors with effect from 07 May 2014 and have provided the Company with a statement under section 519 of the Companies Act 2006 confirming that there are no circumstances connected with their ceasing to hold office that they consider should be brought to the attention of the Company's members or creditors

The Directors have approved a resolution to appoint KPMG LLP to act as auditors of the Company with effect from 07 May 2014 until further notice

Approved by the Board on 17 April 2014 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'T. Wood', followed by a long, sweeping horizontal line that extends to the right.

T A Wood
Company secretary and director

Costain Building & 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Costain Building & Civil Engineering Limited

We have audited the financial statements of Costain Building & Civil Engineering Limited for the year ended 31 December 2013, set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime in not preparing a strategic report.

**Independent Auditor's Report to the Members of
Costain Building & Civil Engineering Limited**

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

15 Canada Square
London
E14 5GL

23 April 2014

Costain Building & Civil Engineering Limited
Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £	2012 £
Turnover		-	-
Cost of sales		<u>(2,874,679)</u>	<u>(2,775,010)</u>
Gross loss		(2,874,679)	(2,775,010)
Administrative expenses		<u>-</u>	<u>-</u>
Operating loss	2	<u>(2,874,679)</u>	<u>(2,775,010)</u>
Loss on ordinary activities before investment income and interest		(2,874,679)	(2,775,010)
Other interest receivable and similar income	4	<u>83,905</u>	<u>93,726</u>
Loss on ordinary activities before taxation		(2,790,774)	(2,681,284)
Tax on profit or loss on ordinary activities	5	<u>9,620</u>	<u>13,025</u>
Loss for the financial year		<u><u>(2,781,154)</u></u>	<u><u>(2,668,259)</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

Costain Building & Civil Engineering Limited

(Registration number: 01054232)

Balance Sheet at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	6	<u>14,809,581</u>	<u>14,809,581</u>
Current assets			
Debtors	7	16,444,741	19,180,540
Creditors Amounts falling due within one year	8	<u>(6,489,279)</u>	<u>(1,142,451)</u>
Net current assets		<u>9,955,462</u>	<u>18,038,089</u>
Total assets less current liabilities		24,765,043	32,847,670
Creditors Amounts falling due after more than one year	9	(1)	(5,401,474)
Provisions for liabilities	10	<u>(2,000,000)</u>	<u>(1,900,000)</u>
Net assets		<u>22,765,042</u>	<u>25,546,196</u>
Capital and reserves			
Called up share capital	11	48,461,810	48,461,810
Profit and loss account	12	<u>(25,696,768)</u>	<u>(22,915,614)</u>
		<u>22,765,042</u>	<u>25,546,196</u>

Approved by the Board on 17 April 2014 and signed on its behalf by



M D Hunter
Director

Costain Building & Civil Engineering Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

Exemption from preparing a 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.

Exemption from preparing group accounts

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated audited accounts which are filed at Companies House.

Turnover

Turnover represents the amounts (excluding value added tax) receivable for goods and services provided and the value of work carried out during the year on long-term contracts.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Deferred tax

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 tax in future, or a right to pay less tax 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.

Foreign currency

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Costain Building & Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2013	2012
	£	£
Provision for future funding of Costain Abu Dhabi WLL	(1,900,000)	1,900,000
Provision for Costain Abu Dhabi WLL loan	2,521,967	837,381
Exchange gains/(loss) on foreign currency	(252,712)	(37,628)
Provision for loss on subsidiary	2,000,000	
Auditor's remuneration - audit	11,000	11,000

Fees paid to KPMG Audit Plc for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of the ultimate parent, Costain Group PLC, are required to disclose non-audit fees on a consolidated basis

3 Particulars of employees

There were no persons employed by the Company during the year and preceding year

4 Other interest receivable and similar income

	2013	2012
	£	£
Other interest receivable	<u>83,905</u>	<u>93,726</u>

Costain Building & Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

5 Taxation

Tax on loss on ordinary activities

	2013 £	2012 £
Current tax		
Group relief receivable	<u>(9,620)</u>	<u>(13,025)</u>

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 24.5%)

The differences are reconciled below

	2013 £	2012 £
Loss on ordinary activities before taxation	(2,790,774)	(2,681,284)
Corporation tax at 23.25% (2012 24.5%)	<u>(648,855)</u>	<u>(656,915)</u>
Decrease in timing differences	(27,053)	(27,943)
Sundry disallowed expenditure	56,681	1,174
Disallowed provisions	<u>609,607</u>	<u>670,659</u>
Total current tax	<u>(9,620)</u>	<u>(13,025)</u>

Factors that may affect future tax charges

The company has deferred tax 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 amount not recognised at 31 December 2013 was £111,928 (2012 £149,350).

No deferred tax has been recognised on the unremitted earnings of an overseas subsidiary as no dividends are proposed.

Costain Building & Civil Engineering Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

6 Investments held as fixed assets

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Joints ventures and associates £	Total £
Cost			
At 1 January 2013	26,826,101	19,134,516	45,960,617
At 31 December 2013	26,826,101	19,134,516	45,960,617
Provision for impairment			
At 1 January 2013	(12,016,520)	(19,134,516)	(31,151,036)
At 31 December 2013	(12,016,520)	(19,134,516)	(31,151,036)
Net book value			
At 31 December 2013	14,809,581	-	14,809,581
At 31 December 2012	14,809,581	-	14,809,581

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
Costain Abu Dhabi Co WLL UAE	*	49%	Process Engineering
Costain Construction Ltd UK		100%	Dormant
Costain Management Design Ltd UK		100%	Dormant
Westminster Plant Co Ltd UK		100%	Dormant
Costain International Ltd UK		100%	Civil Engineering
COGAP (Middle East) Ltd UK		100%	Holding Company

Costain Building & Civil Engineering Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

Joint ventures		
Costain-China Harbour	50%	Civil Engineering
Mexico S de RL de CV		
Mexico		

* Shares held by subsidiary undertaking treated as a subsidiary undertaking due to Costain having dominant influence and control of the composition of the Board of Directors

7 Debtors

	2013 £	2012 £
Amounts owed by group undertakings	16,435,121	19,167,515
Other debtors	9,620	13,025
	<u>16,444,741</u>	<u>19,180,540</u>

8 Creditors: Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	6,410,323	1,008,850
Other taxes and social security	-	7,997
Accruals and deferred income	78,956	125,604
	<u>6,489,279</u>	<u>1,142,451</u>

9 Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>1</u>	<u>5,401,474</u>

Costain Building & Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

10 Provisions

	Other provision £	Total £
At 1 January 2013	<u>1,900,000</u>	<u>1,900,000</u>
Charged to the profit and loss account	2,000,000	2,000,000
Utilised during the year	<u>(1,900,000)</u>	<u>(1,900,000)</u>
	<u>100,000</u>	<u>100,000</u>
At 31 December 2013	<u>2,000,000</u>	<u>2,000,000</u>
Provision represents future funding requirements of subsidiary company		

11 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary of £1 each	<u>48,461,810</u>	<u>48,461,810</u>	<u>48,461,810</u>	<u>48,461,810</u>

12 Reserves

	Profit and loss account £	Total £
At 1 January 2013	(22,915,614)	(22,915,614)
Loss for the year	<u>(2,781,154)</u>	<u>(2,781,154)</u>
At 31 December 2013	<u>(25,696,768)</u>	<u>(25,696,768)</u>

Costain Building & Civil Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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13 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Loss attributable to the members of the company	<u>(2,781,154)</u>	<u>(2,668,259)</u>
Net reduction to shareholders' funds	(2,781,154)	(2,668,259)
Shareholders' funds at 1 January	<u>25,546,196</u>	<u>28,214,455</u>
Shareholders' funds at 31 December	<u><u>22,765,042</u></u>	<u><u>25,546,196</u></u>

14 Contingent liabilities

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 2013, these liabilities amounted to £25,000,000 (2012: £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.

15 Cash at bank and in hand

The company's bankers have the right to set off the company's bank balance when in credit against borrowings by Richard Costain Limited. Arrangements with Costain Group's bankers require that all cash balances are transferred to a fellow subsidiary, Richard Costain Limited, on a daily basis; such arrangements are commonplace in large groups and facilitate effective cash management.

The company's current account balance is replaced with an inter-company receivable from Richard Costain Limited, as such the current account balance at the balance sheet date reduces to £nil, with the balance of £nil (2012: £nil) representing cash held in separate accounts, including deposits and within joint arrangements.

16 Related party transactions

The company has provided no funding to China Harbour-Costain Mexico S de RL de CV, a company in which Costain Group PLC, the ultimate parent company, has a 50% interest.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

Costain Building & Civil Engineering Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

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17 Control

The company is controlled by Costain Group PLC. The largest and smallest group of undertakings for which group financial statements are drawn up is that of the ultimate parent company, 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.