

COSTAIN ALCAIDESA LIMITED

REGISTERED NUMBER 2042076

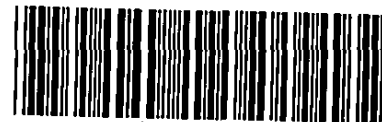
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2010

KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

WEDNESDAY



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COMPANIES HOUSE

COSTAIN ALCAIDESA LIMITED
REPORT OF THE DIRECTORS
For the year ended 31 December 2010

BUSINESS REVIEW

The company continued to carry out its principal activity of investment holding

The results for the year are set out in the Profit & 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 Section 487 of the Companies Act the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

BY ORDER OF THE BOARD



CLIVE L FRANKS
SECRETARY
28 March 2011

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

COSTAIN ALCAIDESA LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND
THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTAIN ALCAIDESA LIMITED
For the year ended 31 December 2010

We have audited the financial statements of Costain Alcaidesa Limited for the year ended 31 December 2010 set out on pages 4 to 9. 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 auditors' 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 Directors' Responsibilities Statement set out on page 2, 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on 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 2010 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.

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.

S Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

31 March 2011

COSTAIN ALCAIDESA LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

	Notes	2010 £	2009 £
Cost of sales		(397,753)	(303,129)
Gross loss		(397,753)	(303,129)
Interest receivable		259,807	250,266
Loss on ordinary activities before taxation	2	(137,946)	(52,863)
Taxation	5	-	-
Loss for the financial year	11	(137,946)	(52,863)

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

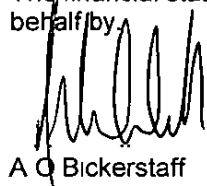
All results are attributable to continuing operations

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

COSTAIN ALCAIDESA LIMITED
BALANCE SHEET
As at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments	6	37,797,646	35,750,071
Current assets			
Debtors	7	573,274	317,121
Creditors: amounts falling due within one year	9	(3,138,815)	(697,141)
Net current liabilities		(2,565,541)	(380,020)
Net assets		35,232,105	35,370,051
Capital and reserves			
Called up share capital	10	32,500,000	32,500,000
Profit and loss account	11	2,732,105	2,870,051
Equity shareholders' funds	12	35,232,105	35,370,051

The financial statements were approved by the Board of Directors on 28 March 2011 and were signed on its behalf by



Director

A O Bickerstaff

Company registered number 2042076

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

COSTAIN ALCAIDESA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

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

FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities 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

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

INVESTMENTS

Investments in joint ventures are carried at cost less any provisions for impairment

TAXATION

Deferred tax 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 the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted

2. Loss on ordinary activities before taxation

Loss on ordinary activities is after charging	2010 £	2009 £
Exchange loss on foreign currency	(397,753)	(303,129)

3. Auditors' remuneration

	2010 £	2009 £
Fees for the audit of the company	1,000	1,000

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

4. Staff costs and remuneration of directors

No emoluments were paid to the directors of the company during the year (2009 £nil)

There were no staff employed during the year (2009 nil)

COSTAIN ALCAIDESA LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2010

5. Taxation

	2010 £	2009 £
On loss for the year		
UK corporation tax at 28% (2009 28%)	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
Tax reconciliation	2010 £	2009 £
Loss on ordinary activities before taxation	(137,946)	(52,863)
	<hr/>	<hr/>
Tax at 28% (2009 28%)	38,625	14,802
Group relief surrendered free of charge	(38,625)	(14,802)
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

No deferred tax has been recognised on the unremitted earnings of the overseas joint venture as no dividends are proposed

6. Investments

	Shares in joint venture	Loans to joint venture	Total
	£	£	£
Cost			
At 1 January 2010	26,957,885	8,792,186	35,750,071
Currency realignment	-	(394,098)	(394,098)
Additions	-	2,441,673	2,441,673
At 31 December 2010	<hr/> 26,957,885	<hr/> 10,839,761	<hr/> 37,797,646
Net book value			
At 31 December 2010	<hr/> 26,957,885	<hr/> 10,839,761	<hr/> 37,797,646
At 31 December 2009	<hr/> 26,957,885	<hr/> 8,792,186	<hr/> 35,750,071

Investment in joint venture

The company owns 50% of the issued share capital of Alcaidesa Holding SA, a residential development company incorporated in Spain. The aggregate amount of the capital and reserves of the joint venture at the year-end was £53.5m (2009 £58.1m). The joint venture made a loss during the year of £3.3m (2009 loss £5.3m).

COSTAIN ALCAIDESA LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2010

Under a contract between Alcaidesa Holding S A and Costain Alcaidesa Ltd and Elerco S A (its two shareholders), the shareholders have agreed to provide the funding necessary to meet the current Alcaidesa Holding S A Business plan, including the debt repayments required under Alcaidesa Holding S A's bank facilities. The total funding commitment for each shareholder is expected to amount to €40 million, spread over next five years

7. Debtors

	2010 £	2009 £
Amounts falling due within one year		
Amounts owed by joint venture	<u>573,274</u>	<u>317,121</u>

8. Cash at bank, monies on deposit 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

9. Creditors: amounts falling due within one year

	2010 £	2009 £
Amount owed to fellow group undertakings	<u>(3,138,815)</u>	<u>(697,141)</u>

10. Share capital

	2010 and 2009 Authorised £	Issued and fully paid £
Ordinary shares of £1 each	<u>35,000,000</u>	<u>32,500,000</u>

COSTAIN ALCAIDESA LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31 December 2010

11. Profit and loss account

	£
At 1 January 2010	2,870,051
Loss for the financial year	(137,946)
	<hr/>
At 31 December 2010	2,732,105
	<hr/>

12. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Opening equity shareholders' funds	35,370,051	35,422,914
Loss for the financial year	(137,946)	(52,863)
	<hr/>	<hr/>
Closing equity shareholders' funds	35,232,105	35,370,051
	<hr/>	<hr/>

13. 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 2010, these liabilities amounted to £nil (2009 £nil)

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

14. Related parties transactions

The company's funding of its joint venture is a related party transaction (see Note 6). Transactions with wholly owned subsidiaries of Costain Group PLC, the ultimate parent company, are exempt from disclosure under FRS 8 Related party disclosures

15. 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