

Registration number 2757907

Costain Civil Engineering Ltd

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

KPMG Audit Plc
15 Canada Square
London
E14 5GL

MONDAY



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Costain Civil Engineering Ltd
Company Information

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

Costain Civil Engineering Ltd
Directors' Report for the Year Ended 31 December 2011

Directors of the company

The directors who held office during the year were as follows

A Wyllie

M D Hunter

C L Franks - Company secretary and director (resigned 31 May 2011)

T A Wood - Company secretary and director (appointed 1 June 2011)

Principal activity

The principal activity of the company is investment holding

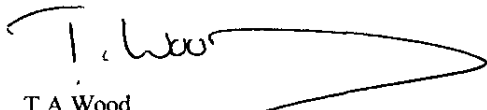
Disclosure of information to the auditor

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

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

Approved by the Board on 11 April 2012 and signed on its behalf by



T A Wood
Company secretary and director

Costain Civil Engineering Ltd

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 Civil Engineering Ltd

We have audited the financial statements of Costain Civil Engineering Ltd for the year ended 31 December 2011, set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 (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 website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 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.

**Independent Auditor's Report to the Members of
Costain Civil Engineering Ltd**

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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

Stephen Bligh (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditors

15 Canada Square
London
E14 5GL

11 April 2012

Costain Civil Engineering Ltd
Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £	2010 £
Turnover		-	-
Cost of sales		-	-
Gross profit/(loss)		-	-
Administrative expenses		-	-
Operating profit/(loss)		-	-
Profit/(loss) on ordinary activities before investment income and interest		-	-
Income from shares in group undertakings		2,200,000	2,200,000
Interest payable and similar charges	3	(3,030,523)	(3,030,607)
Loss on ordinary activities before taxation		(830,523)	(830,607)
Tax on loss on ordinary activities	4	803,089	848,570
(Loss)/profit for the financial year		(27,434)	17,963

All activities relate to continuing operations

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

Costain Civil Engineering Ltd
(Registration number: 2757907)
Balance Sheet at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	5	125,000,000	125,000,000
Current assets			
Debtors	6	<u>803,089</u>	<u>848,570</u>
Total assets less current liabilities		125,803,089	125,848,570
Creditors Amounts falling due after more than one year	7	<u>(121,670,317)</u>	<u>(121,688,364)</u>
Net assets		<u>4,132,772</u>	<u>4,160,206</u>
Capital and reserves			
Called up share capital	8	4,100,000	4,100,000
Profit and loss account	10	<u>32,772</u>	<u>60,206</u>
		<u>4,132,772</u>	<u>4,160,206</u>

Approved by the Board on 11 April 2012 and signed on its behalf by



M D Hunter
Director

Costain Civil Engineering Ltd

Notes to the Financial Statements for the Year Ended 31 December 2011

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 preparation

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

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

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 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

Interest Payable

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

Investment in group undertakings

Investments in group undertakings are carried at cost less impairment losses. An impairment loss is recognised whenever the carrying value of the investment is less than the recoverable amount. Impairment losses are recognised in the profit and loss account

2 Auditor's remuneration

	2011	2010
	£	£
Fees for the audit of the company	<u>1,500</u>	<u>1,500</u>

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

Costain Civil Engineering Ltd

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

3 Interest payable and similar charges

	2011 £	2010 £
Interest on loans from group undertakings	3,030,523	3,030,607
	<u>3,030,523</u>	<u>3,030,607</u>

4 Taxation

Tax on loss on ordinary activities

	2011 £	2010 £
Current tax		
Group relief payable/(receivable)	<u>(803,089)</u>	<u>(848,570)</u>

Factors affecting current tax charge for the year

	2011 £	2010 £
Loss on ordinary activities before taxation	<u>(830,523)</u>	<u>(830,607)</u>
Corporation tax at standard rate	<u>(220,089)</u>	<u>(232,570)</u>
Group income	<u>(583,000)</u>	<u>(616,000)</u>
Total current tax	<u>(803,089)</u>	<u>(848,570)</u>

5 Investments held as fixed assets

	2011 £	2010 £
Shares in group undertakings	<u>125,000,000</u>	<u>125,000,000</u>

Investment in 100% of the ordinary share capital of Costain Ltd, a contracting business incorporated in England and Wales

A dividend of £2,200,000 was received from Costain Limited during the year (2010 £2,200,000)

Costain Civil Engineering Ltd

Notes to the Financial Statements for the Year Ended 31 December 2011

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6 Debtors

	2011	2010
	£	£
Amounts owed by group undertakings	<u>803,089</u>	<u>848,570</u>
	<u><u>803,089</u></u>	<u><u>848,570</u></u>

7 Creditors: Amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	<u>121,670,317</u>	<u>121,688,364</u>

8 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary Shares of £1 00 each	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>

9 Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
(Loss)/profit attributable to the members of the company	<u>(27,434)</u>	<u>17,963</u>
Net (reduction)/addition to shareholders' funds	<u>(27,434)</u>	<u>17,963</u>
Shareholders' funds at 1 January	<u>4,160,206</u>	<u>4,142,243</u>
Shareholders' funds at 31 December	<u><u>4,132,772</u></u>	<u><u>4,160,206</u></u>

10 Reserves

	Profit and loss account	Total
	£	£
At 1 January 2011	60,206	60,206
Loss for the year	<u>(27,434)</u>	<u>(27,434)</u>
At 31 December 2011	<u><u>32,772</u></u>	<u><u>32,772</u></u>

Costain Civil Engineering Ltd

Notes to the Financial Statements for the Year Ended 31 December 2011

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11 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 2011, these liabilities amounted to £nil (2010 £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

12 Related party transactions

The company has no related party transactions other than with wholly owned subsidiaries of the Costain Group PLC, the ultimate parent company, which are exempt from disclosure under FRS 8 Related party disclosures

13 Control

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