

**COSTAIN CIVIL ENGINEERING LIMITED**

**REGISTERED NUMBER 2757907**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2010**

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
LONDON

WEDNESDAY



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**COSTAIN CIVIL ENGINEERING LIMITED**  
**REPORT OF THE DIRECTORS**  
**For the year ended 31 December 2010**

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**BUSINESS REVIEW**

The principal activity of the company is investment holding

**DIRECTORS**

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

A Wyllie  
M D Hunter  
C L Franks

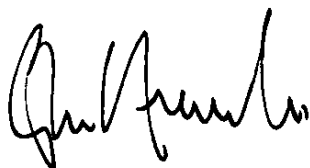
**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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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 CIVIL ENGINEERING LIMITED**  
**For the year ended 31 December 2010**

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We have audited the financial statements of Costain Civil Engineering Limited for the year ended 31 December 2010 set out on pages 4 to 8. 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](http://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 profit 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

**Stephen 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 CIVIL ENGINEERING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2010**

	Notes	2010 £	2009 £
Income received from shares in group undertakings	5	2,200,000	2,400,000
Interest payable to fellow group undertakings		(3,030,607)	(3,305,084)
<b>Loss on ordinary activities before taxation</b>		<b>(830,607)</b>	<b>(905,084)</b>
Taxation	4	848,570	925,424
<b>Profit for the financial year</b>	<b>9</b>	<b>17,963</b>	<b>20,340</b>

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

All profits are attributable to continuing operations

THE NOTES ON PAGES 6 TO 8 FORM PART OF THESE FINANCIAL STATEMENTS

**COSTAIN CIVIL ENGINEERING LIMITED**  
**BALANCE SHEET**  
**As at 31 December 2010**

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Investments	5	<u>125,000,000</u>	<u>125,000,000</u>
<b>Current assets</b>			
Debtors	6	848,570	925,424
<b>Creditors' amounts falling due within one year</b>	7	<u>(121,688,364)</u>	<u>(121,783,181)</u>
<b>Net current liabilities</b>		<u>(120,839,794)</u>	<u>(120,857,757)</u>
<b>Net assets</b>		<u>4,160,206</u>	<u>4,142,243</u>
<b>Capital and reserves</b>			
Called up share capital	8	4,100,000	4,100,000
Profit and loss account	9	60,206	42,243
<b>Equity shareholders' funds</b>	10	<u>4,160,206</u>	<u>4,142,243</u>

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

  
M D Hunter

Director

Company registered number 2757907

THE NOTES ON PAGES 6 TO 8 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

**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 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.

**INVESTMENTS 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.

**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.

**2. Loss on ordinary activities before taxation**

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).

**3. Auditors' remuneration**

	2010 £	2009 £
Fees for the audit of the company	1,500	1,500

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.

**COSTAIN CIVIL ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2010**

**4. Taxation**

	2010 £	2009 £
Group relief receivable at 28% (2009 28%)	848,570	925,424
Tax reconciliation		
Loss on ordinary activities before taxation	(830,607)	(905,084)
Tax at 28% (2009 28%)	232,570	253,424
Group income	616,000	672,000
Total current tax	848,570	925,424

**5. Investments**

	2010 £	2009 £
Investment in group undertaking	125,000,000	125,000,000

Investment in 100% of the ordinary share capital of Costain Ltd, a building and civil engineering business incorporated in Great Britain

A dividend of £2,200,000 was received from Costain Limited during the year (2009 £2,400,000)

**6. Debtors**

	2010 £	2009 £
Amounts falling due within one year		
Amounts owed by fellow group undertakings	848,570	925,424

**7. Creditors: amounts falling due within one year**

	2010 £	2009 £
Amounts owing to fellow group undertakings	121,688,364	121,783,181

**8. Share capital**

	2010 and 2009 Authorised £	Issued and fully paid £
Ordinary shares of £1 each	4,100,000	4,100,000



**COSTAIN CIVIL ENGINEERING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS continued**  
**For the year ended 31 December 2010**

**9 Profit and loss account**

	2010 £
At 1 January 2010	42,243
Profit for the financial year	17,963
At 31 December 2010	60,206

**10. Reconciliation of movement in shareholders' funds**

	2010 £	2009 £
Profit for the financial year	17,963	20,340
Opening equity shareholders' funds	4,142,243	4,121,903
Closing equity shareholders' funds	4,160,206	4,142,243

**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 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

**12 Related parties 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. 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