

**COSTAIN ALCAIDESA LIMITED**

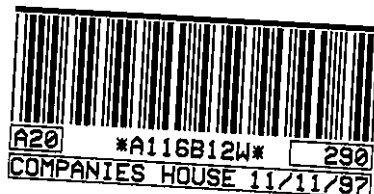
**Registered Number: 2042076**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 1996**

**KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK**



# **COSTAIN ALCAIDESA LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 31 December 1996**

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### **BUSINESS REVIEW**

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

During the year a further £1,883,944 was invested in Alcaidesa Holding SA whilst a further £3,763,000 was provided against the investment in that company.

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

### **DIRECTORS AND SHARE INTERESTS**

Directors who held office at the end of the year and their disclosable interests in shares, as recorded in the register of directors' interests:

		<b>At 1.1.96</b>	<b>At 31.12.96</b>
M F Burdes	a	115	460
	b	5,000	Nil
A C Lovell			

- a - Costain Group PLC ordinary shares of 10p each.
- b - Options to acquire Costain Group PLC shares.

**BY ORDER OF THE BOARD**



**B W RACE  
SECRETARY**

### **REGISTERED OFFICE**

111 Westminster Bridge Road  
London SE1 7UE

Date: **17 NOV 1997**

## **COSTAIN ALCAIDESA LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**For the year ended 31 December 1996**

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Company law requires the directors to prepare financial statements for each financial year which 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. The directors are required to ensure that those financial statements are based on suitable accounting policies consistently applied, are prepared on the going concern basis, unless it is inappropriate to presume that the company will continue in business, are supported by judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are also responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for safeguarding the assets of the company and for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

# **COSTAIN ALCAIDESA LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS**

**For the year ended 31 December 1996**

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We have audited the financial statements on pages 4 to 10.

### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

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KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
GATWICK

*7 November '97*

.....  
Date

**COSTAIN ALCAIDESA LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 1996**

	Notes	1996 £	1995 £
Cost of sales		(1,215)	(93)
Gross loss		(1,215)	(93)
Provision against investment in associated undertaking		(3,763,000)	(6,377,000)
Interest receivable and similar charges	2	288,081	20,380
Interest payable and similar charges	3	(144,033)	(304,272)
<b>Loss on ordinary activities before taxation</b>		(3,620,167)	(6,660,985)
Taxation credit	5	(54,353)	14,325
<b>Loss on ordinary activities after taxation and retained for the year</b>	11	(3,674,520)	(6,646,660)

Movements on reserves are set out in note 11.

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

All operating losses are attributable to continuing operations.

**THE NOTES ON PAGES 6 TO 10 FORM PART OF THESE FINANCIAL STATEMENTS**

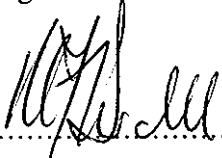
# **COSTAIN ALCAIDESA LIMITED**

## **BALANCE SHEET**

**As at 31 December 1996**

	Notes	1996 £	1995 £
<b>Fixed assets</b>			
Investments	6	1,786,695	3,665,751
<b>Current assets</b>			
Debtors	7	666,867	14,325
<b>Creditors: amounts falling due within one year</b>			
Other creditors	8	(1,847,511)	(541,312)
<b>Net current liabilities</b>		(1,180,644)	(526,987)
<b>Total assets less current liabilities</b>		606,051	3,138,764
<b>Creditors: amounts falling due after more than one year</b>			
Other creditors	9	-	(1,858,193)
<b>Net assets</b>		606,051	1,280,571
<b>Capital and reserves</b>			
Called up share capital	10	32,500,000	29,500,000
Profit and loss account	11	(31,893,949)	(28,219,429)
<b>Shareholders' funds</b>	12	606,051	1,280,571

The financial statements were approved by the Board of Directors on **7 NOV 1997** and were signed on its behalf by:

  
 ..... Director  
 M F Burdes

**THE NOTES ON PAGES 6 TO 10 FORM PART OF THESE FINANCIAL STATEMENTS**

# **COSTAIN ALCAIDESA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1996**

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### **1. Accounting policies**

#### **BASIS OF ACCOUNTING**

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

#### **BASIS OF PREPARATION**

The accounts are prepared on a going concern basis. In arriving at this judgement, the directors have considered the guarantees given by the company in respect of the Group's banking arrangements (see note 13) and recognise that no allowance has been made in the Group's forecasts, beyond the level of reasonable sensitivities assumed by Group management, for any unforeseen event. If such unforeseen adverse circumstances were to arise, then Group management would attempt to secure any shortfall through discussions with its bankers and shareholders.

#### **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.

#### **CASHFLOW STATEMENT**

As the cashflow statement in the consolidated financial statements of the ultimate parent company, Costain Group PLC, complies with the conditions of Financial Reporting Standard No 1 ("FRS 1"), the company is exempt under FRS 1 from the requirements to prepare a separate cashflow statement.

### **2. Interest receivable and similar charges**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
On amounts due from fellow subsidiary undertakings	2,236	-
Exchange gain	285,845	-
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	288,081	-
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**COSTAIN ALCAIDESA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**31 December 1996**

	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
<b>3. Interest payable and similar charges</b>		
On amounts due to fellow subsidiary undertakings	144,033	145,603
Exchange loss	-	158,669
	<u>144,033</u>	<u>304,272</u>
<b>4. Emoluments of Directors</b>		
No emoluments were paid to the directors of the company during the year (1995 £nil). There were no staff employed during the year (1995 nil).		
<b>5. Taxation credit</b>		
On loss for the year:		
Group relief	<u>54,353</u>	<u>(14,325)</u>



**COSTAIN ALCAIDESA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****31 December 1996**

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<b>6. Investments</b>	<b>Shares in associated undertaking £</b>
<b>Cost</b>	
At 1 January 1996	29,990,651
Additions	1,883,944
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At 31 December 1996	31,874,595
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<b>Provisions</b>	
At 1 January 1996	26,324,900
Provided in year	3,763,000
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At 31 December 1996	30,087,900
	<hr/>
<b>Net book value</b>	
At 31 December 1996	1,786,695
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At 31 December 1995	3,665,751
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**Investment in associated undertaking**

The company owns 50% of the issued share capital of Alcaidesa Holding SA, a company incorporated in Spain. The aggregate amount of the capital and reserves of the associated undertaking at the year end is £18.8m (1995 £22.0m). The associated undertaking incurred a loss during the year of £3.6m (1995 £5.0m).

# **COSTAIN ALCAIDESA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**31 December 1996**

	1996	1995		
	£	£		
7. Debtors				
Amount owed by Group undertakings	666,867	-		
Group relief	-	14,325		
	<u>666,867</u>	<u>14,325</u>		
	<u>666,867</u>	<u>14,325</u>		
8. Creditors: amounts falling due within one year				
Amounts owing to Group undertakings	1,793,158	541,312		
Taxation	54,353	-		
	<u>1,847,511</u>	<u>541,312</u>		
	<u>1,847,511</u>	<u>541,312</u>		
9. Creditors: amounts falling due after more than one year				
Amounts owing to group undertakings	-	1,858,193		
	<u>-</u>	<u>1,858,193</u>		
	<u>-</u>	<u>1,858,193</u>		
10. Share capital	1996	1995		
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary shares of £1 each, fully paid	35,000,000	32,500,000	29,500,000	29,500,000

During the year the company issued 3,000,000 £1 ordinary shares with an aggregate nominal value of £3,000,000 for a cash consideration of £3m. The issue was used to finance further investment in the associated undertaking.

# **COSTAIN ALCAIDESA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**31 December 1996**

<b>11. Profit and loss account</b>	<b>£</b>	
Deficit at 1 January 1996	(28,219,429)	
Loss for the year	(3,674,520)	
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Deficit at 31 December 1996	(31,893,949)	
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<b>12. Reconciliation of movement in shareholders' funds</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(3,674,520)	(6,646,660)
New share capital subscribed	3,000,000	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(674,520)	(6,646,660)
Opening shareholders' funds	1,280,571	7,927,231
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Closing shareholders' funds	606,051	1,280,571
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### **13. Contingent liabilities**

The company has entered into cross guarantees together with the ultimate parent company and certain fellow Group undertakings, for loans and overdraft facilities made available to the Group. These facilities are included in the Group financial statements and amount to £72.8m (1995 £26.2m) and US\$70.0m (1995 US\$169.8m).

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

### **14. Ultimate parent company**

The only group of undertakings of which the company is a member and for which consolidated financial statements are drawn up is that of the ultimate parent company, Costain Group PLC, a company registered in England and Wales. A copy of the consolidated financial statements of Costain Group PLC may be obtained from the registered office of Costain Group PLC, 111 Westminster Bridge Road, London SE1 7UE.

### **15. Related parties transactions**

The company is exempt under Financial Reporting Standard No 8 (FRS 8) from the requirements to disclose related party transactions on the basis that it is a wholly owned subsidiary of the ultimate parent company, Costain Group PLC.