

**COSTAIN ALCAIDESA LIMITED**

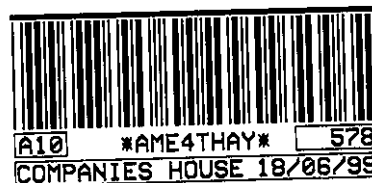
**Registered Number: 2042076**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 1998**

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



# **COSTAIN ALCAIDESA LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 31 December 1998**

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### **BUSINESS REVIEW**

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

During the year a further £2,566,708 was invested in by way of a loan to Alcaidesa Holding SA whilst a further £494,100 was provided against the investment in that company.

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

### **YEAR 2000**

The Company is aware of the information technology, legal, commercial and financial issues which may arise as a result of the Year 2000 date change in relation to computer hardware, software and embedded systems.

The Company is taking part in the Costain Group 2000 Project. The Group's Year 2000 Project has a Main Board sponsor and the full commitment of the Board who delegated the task of monitoring the day to day progress on the Group's Year 2000 Project to the Executive Board.

An audit of all hardware, software and embedded systems in use within the Group has been completed. Action has been taken so that the Group's core software systems will be compliant. A programme is in place to ensure compliance for other software, hardware and embedded systems in use within the Group's premises.

The incremental costs of achieving Year 2000 compliance in respect of the Group's software and hardware will be absorbed by the Group's policy of continuous updating of software and hardware. The cost of additional resources directed specifically to the Year 2000 Project is being absorbed within Group overheads.

### **DIRECTORS AND SHARE INTERESTS**

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

		<b>At 1.1.98</b>	<b>At 31.12.98</b>
J A Armitt*			
J R Campbell*			
M F Burdes	a	460	460

# **COSTAIN ALCAIDESA LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 31 December 1998**

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### **DIRECTORS AND SHARE INTERESTS continued**

- a - Costain Group PLC ordinary shares of 10p each.
- \* - The interests of these directors in the shares of Costain Group PLC are disclosed in the accounts of that company.

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

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. In preparing those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable 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 proper accounting records which 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 1985. 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.

**BY ORDER OF THE BOARD**

  
**C L FRANKS**  
**SECRETARY**

### **REGISTERED OFFICE**

111 Westminster Bridge Road  
London SE1 7UE

Date: **30 MAR 1999**

# **COSTAIN ALCAIDESA LIMITED**

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

**For the year ended 31 December 1998**

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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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

*30 April 1999*  
.....  
Date

**COSTAIN ALCAIDESA LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 1998**

	Notes	1998 £	1997 £
Provision against investment in Joint venture		(494,100)	(1,688,000)
Interest receivable and similar income	2	(31,918)	188,645
Interest payable and similar charges	3	(20,157)	(76,602)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(546,175)	(1,575,957)
Taxation	5	16,143	13,587
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>	10	(530,032)	(1,562,370)
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses other than the loss for the 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 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Investments	6	3,620,228	1,547,620
<b>Current assets</b>			
Debtors	7	16,143	13,587
<b>Creditors: amounts falling due within one year</b>	8	(5,122,722)	(2,517,526)
<b>Net current liabilities</b>		(5,106,579)	(2,503,939)
<b>Net liabilities</b>		(1,486,351)	(956,319)
<b>Capital and reserves</b>			
Called up share capital	9	32,500,000	32,500,000
Profit and loss account	10	(33,986,351)	(33,456,319)
<b>Shareholders' funds</b>	11	(1,486,351)	(956,319)

The financial statements were approved by the Board of Directors on .... **30 MAR 1999** .....  
and were signed on its behalf by:



..... Director  
J R Campbell

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

# **COSTAIN ALCAIDESA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1998**

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### **1. Accounting policies**

#### **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.

#### **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 (Revised) ("FRS 1 (Revised)"), the company is exempt under FRS 1 (Revised) from the requirements to prepare a separate cashflow statement.

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

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
On amounts due from fellow subsidiary undertakings	-	14,867
Exchange (loss)/gain	(31,918)	173,778
	<hr/>	<hr/>
	(31,918)	188,645
	<hr/>	<hr/>

**COSTAIN ALCAIDESA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****31 December 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>3. Interest payable and similar charges</b>		
On amounts due to fellow Subsidiary undertakings	(20,157)	(76,602)
	<u>          </u>	<u>          </u>
<b>4. Staff costs and remuneration of directors</b>		
No emoluments were paid to the directors of the company during the year (1997 £nil). There were no staff employed during the year (1997 nil).		
<b>5. Taxation</b>		
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
On loss for the year:		
Group relief	16,143	13,587
	<u>          </u>	<u>          </u>



# **COSTAIN ALCAIDESA LIMITED**

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

**31 December 1998**

<b>6. Investments</b>	<b>Loans to Joint Venture £</b>	<b>Joint Venture £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 1998	-	33,323,520	33,323,520
Additions	2,566,708	-	2,566,708
	<hr/>	<hr/>	<hr/>
At 31 December 1998	2,566,708	33,323,520	35,890,228
	<hr/>	<hr/>	<hr/>
<b>Provisions</b>			
At 1 January 1998	-	(31,775,900)	(31,775,900)
Provided in year	-	(494,100)	(494,100)
	<hr/>	<hr/>	<hr/>
At 31 December 1998	-	(32,270,000)	(32,270,000)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1998	2,566,708	1,053,520	3,620,228
	<hr/>	<hr/>	<hr/>
At 31 December 1997	-	1,547,620	1,547,620
	<hr/>	<hr/>	<hr/>

### **Investment in joint ventures**

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 is £18.1m (1997 £16.2m). The directors believe that this amount is not recoverable. The joint venture undertaking incurred a loss during the year of £0.8m (1997 £1.1m).

**COSTAIN ALCAIDESA LIMITED**

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

**31 December 1998**

	1998	1997		
	£	£		
7. Debtors				
Group relief	16,143	13,587		
	<u>16,143</u>	<u>13,587</u>		
8. Creditors: amounts falling due within one year				
Amounts owing to Group undertakings	5,122,722	2,485,159		
Taxation	-	32,367		
	<u>5,122,722</u>	<u>2,517,526</u>		
9. Share capital	1998	1997		
	Authorised	Issued	Authorised	Issued
	£	£	£	£
Ordinary shares of £1 each, called up and fully paid	35,000,000	32,500,000	35,000,000	32,500,000
	<u>35,000,000</u>	<u>32,500,000</u>	<u>35,000,000</u>	<u>32,500,000</u>
10. Profit and loss account		£		
Deficit at 1 January 1998		(33,456,319)		
Loss for the year		(530,032)		
		<u>(33,986,351)</u>		
Deficit at 31 December 1998		(33,986,351)		

# **COSTAIN ALCAIDESA LIMITED**

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

**31 December 1998**

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<b>11. Reconciliation of movement in shareholders' funds</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(530,032)	(1,562,370)
Net reduction to shareholders' funds	(530,032)	(1,562,370)
Opening shareholders' funds	(956,319)	606,051
Closing shareholders' funds	(1,486,351)	(956,319)

### **12. 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 £12.9m (1997 £15.0m).

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

The company's bankers have the right to set-off the company's bank balance when in credit against borrowings by Richard Costain Limited.

### **13. Ultimate parent company**

The company's ultimate parent company is 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.

### **14. 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.