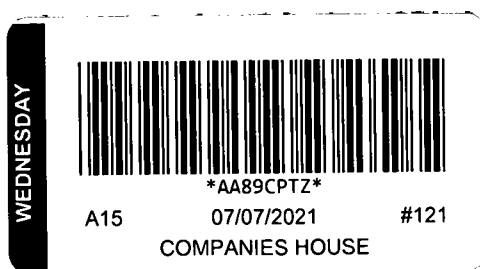


Registration number: 02042076

# Costain Alcaidesa Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



## **Costain Alcaidesa Limited**

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## **Costain Alcaidesa Limited**

### **Company Information**

**Directors** M D Hunter

L J Fleming

**Company secretary** M Singleterry

**Registered office** Costain House  
Vanwall Business Park  
Maidenhead  
Berkshire  
SL6 4UB

**Independent auditors** PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## **Costain Alcaidesa Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

#### **Directors of the company**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M D Hunter (appointed 1 September 2020)

L J Fleming

A O Bickerstaff (resigned 30 November 2020)

T A Wood - Company secretary and director (resigned 1 September 2020)

#### **Principal activity**

The principal activity of the company is investment holding.

#### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £Nil).

#### **Business review**

##### ***Fair review of the business***

The company recorded a loss for the financial year of £1,811,784 (2019: loss £16,296,971), with a shareholders' deficit of £10,724,019 (2019: deficit £9,427,125). In the year, the sale of the company's investment in Alcaidesa Servicios SA resulted in a loss of £1,676,637.

In 2019, the sale of the company's investments in Alcaidesa Holding SA and Alcaidesa Golf SA resulted in a loss of £13,438,187. In addition, the investment in Alcaidesa Servicios SA was impaired by £1,000,000.

#### **Going concern**

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The directors have concluded that after having received an undertaking from Costain Group PLC that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company, it is appropriate to adopt the going concern basis in preparing these financial statements.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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:

## **Costain Alcaidesa Limited**

### **Directors' Report for the Year Ended 31 December 2020 (continued)**

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### **Disclosure of information to the auditors**

The directors confirm that, so far as they are aware, there is no relevant audit information (as defined in Section 418 of the Companies Act 2006) of which the company's external auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's external auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Reappointment of independent auditors**

The independent auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Small companies provision statement**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, therefore the company has taken the exemption from the requirement to present a strategic report.

Approved by the Board on 29 April 2021 and signed by its order by:

DocuSigned by:



E42G7DA187894FF.....

M Singleterry  
Company secretary



# Independent auditors' report to the members of Costain Alcaidesa Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Costain Alcaidesa Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and relevant tax legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure. Audit procedures performed included:

- Discussion with management, internal audit and the Group's in-house legal advisers, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of the financial statement disclosures to underlying supporting documentation;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Andrew Johns', with a stylized flourish at the end.

Andrew Johns (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 April 2021

**Costain Alcaidesa Limited**

**Income Statement**  
**for the year ended 31 December**

	Note	2020 £	2019 £
Revenue		-	-
Cost of sales		<u>(60,896)</u>	<u>(1,765,743)</u>
<b>Gross loss</b>		<b>(60,896)</b>	<b>(1,765,743)</b>
Other gains and losses	5	<u>(1,676,637)</u>	<u>(14,438,187)</u>
<b>Operating loss</b>	4	<b><u>(1,737,533)</u></b>	<b><u>(16,203,930)</u></b>
Finance income	9	-	259,227
Finance costs	10	<u>(367,625)</u>	<u>(718,738)</u>
<b>Net finance costs</b>		<b><u>(367,625)</u></b>	<b><u>(459,511)</u></b>
Loss before tax		(2,105,158)	(16,663,441)
Taxation	11	<u>293,374</u>	<u>366,470</u>
<b>Loss for the financial year</b>		<b><u><u>(1,811,784)</u></u></b>	<b><u><u>(16,296,971)</u></u></b>

The above results were derived from continuing operations.

**Costain Alcaidesa Limited****Statement of Comprehensive Income**  
**for the year ended 31 December**

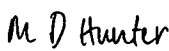
	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Loss for the financial year		(1,811,784)	(16,296,971)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain on cash flow hedges		<u>514,890</u>	<u>3,575,296</u>
<b>Total comprehensive expense for the year</b>		<u><u>(1,296,894)</u></u>	<u><u>(12,721,675)</u></u>

The notes on pages 12 to 24 form an integral part of these financial statements.

**Costain Alcaidesa Limited**  
**(Registration number: 02042076)**  
**Statement of Financial Position**  
**as at 31 December**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	12	-	4,895,035
<b>Current assets</b>			
Trade and other receivables	13	232,749	5,927,608
Cash and cash equivalents	14	<u>37,934</u>	<u>13,028</u>
		270,683	5,940,636
<b>Creditors - amounts falling due within one year</b>	15	<u>(10,994,702)</u>	<u>(20,262,796)</u>
<b>Net current liabilities</b>		<u>(10,724,019)</u>	<u>(14,322,160)</u>
<b>Net liabilities</b>		<u>(10,724,019)</u>	<u>(9,427,125)</u>
<b>Equity</b>			
Called up share capital	16	32,500,000	32,500,000
Hedging reserve		-	(514,890)
Retained earnings		<u>(43,224,019)</u>	<u>(41,412,235)</u>
<b>Total shareholders' deficit</b>		<u>(10,724,019)</u>	<u>(9,427,125)</u>

The financial statements on pages 8 to 24 were approved by the Board of directors on 29 April 2021 and signed on its behalf by:

DocuSigned by:  
  
 098AB76F6B724E6:.....  
 M D Hunter  
 Director

**Costain Alcaidesa Limited****Statement of Changes in Equity  
for the year ended 31 December**

	<b>Called up share capital £</b>	<b>Hedging reserve £</b>	<b>Retained earnings £</b>	<b>Total shareholders' funds £</b>
<b>At 1 January 2020</b>	32,500,000	(514,890)	(41,412,235)	(9,427,125)
Loss for the financial year	-	-	(1,811,784)	(1,811,784)
<b>Other comprehensive income</b>	-	514,890	-	514,890
Total comprehensive income / (expense)	-	514,890	(1,811,784)	(1,296,894)
<b>At 31 December 2020</b>	<u>32,500,000</u>	<u>-</u>	<u>(43,224,019)</u>	<u>(10,724,019)</u>

	<b>Called up share capital £</b>	<b>Hedging reserve £</b>	<b>Retained earnings £</b>	<b>Total shareholders' funds £</b>
<b>At 1 January 2019</b>	32,500,000	(4,090,186)	(25,115,264)	3,294,550
Loss for the financial year	-	-	(16,296,971)	(16,296,971)
<b>Other comprehensive income</b>	-	3,575,296	-	3,575,296
Total comprehensive income / (expense)	-	3,575,296	(16,296,971)	(12,721,675)
<b>At 31 December 2019</b>	<u>32,500,000</u>	<u>(514,890)</u>	<u>(41,412,235)</u>	<u>(9,427,125)</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in the United Kingdom and domiciled in England.

The address of its registered office is:

Costain House  
Vanwall Business Park  
Maidenhead  
Berkshire  
SL6 4UB  
UK

These financial statements were authorised for issue by the Board on 29 April 2021.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention.

The company is a wholly-owned subsidiary of Costain Group PLC and is included in the consolidated financial statements of Costain Group PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

##### **Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment which the company operates. The financial statements are presented in 'pounds sterling' (£), which is also the company's functional currency.

## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments;
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs;
- (j) IAS 7, 'Statement of Cash Flows'; and
- (k) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the Group financial statements of Costain Group PLC.

## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The financial statements have been prepared on a going concern basis.

The ultimate parent company, Costain Group PLC, manages its United Kingdom cash balances using a centralised cash system and surplus cash held by the Company, outside of joint arrangements, is loaned at interest to a fellow subsidiary on a day-to-day basis. These loans are repaid or new loans advanced daily to satisfy any cash requirements.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The directors have concluded that after having received an undertaking from Costain Group PLC that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the Company, it is appropriate to adopt the going concern basis in preparing these financial statements.

##### **New standards and changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements. These include:

- Definition of Material - amendments to IAS 1 and IAS 8;
- Definition of a Business - amendments to IFRS 3;
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not affect the current or future periods.

##### **Finance income and costs**

Interest receivable and payable on bank deposits and between group undertakings is credited or charged to the profit and loss as incurred, using the effective interest method.

##### **Foreign currency transactions and balances**

Monetary assets and liabilities denominated 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. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that of a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.



## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Investments**

Fixed asset investments are stated at historical cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Impairments are reversed in line with improvements in the recoverable amount of the investment.

#### **Financial instruments**

##### **Initial recognition**

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of directly attributable premiums, discounts and transaction costs.

Subsequent to initial measurement, financial assets and financial liabilities are measured at amortised cost.

##### **Derecognition**

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

###### *Financial liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Derivative financial instruments**

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include forwards and swaps in the interest rate and foreign exchange markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

The notes on pages 12 to 24 form an integral part of these financial statements.

## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### **Hedge accounting**

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets and liabilities.

The company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the company formally documents the relationship between the hedging instruments and hedge items.

These hedging relationships are discussed below.

##### *Cash flow hedges*

The company makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, then the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

##### *Hedges of a net investment in a foreign operation*

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a foreign investment, the effective portion of changes in the fair value of the hedging instrument is recognised in OCI and presented as a separate reserve within equity.

Any ineffective portion of the changes in the fair value of the hedge instrument is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign investment.

## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for intercompany balances. To measure the expected credit losses, intercompany balances have been grouped based on shared credit risk characteristics and the days past due.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Trade and other creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

##### **IFRSs not applied**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant judgements and estimates made that would have a material effect in both current and future periods.

The notes on pages 12 to 24 form an integral part of these financial statements.

## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 4 Cost of sales

	2020	2019
	£	£
Foreign exchange gains	58,396	78,031
Professional fees	2,500	
Hedging losses	-	(1,843,774)
	<u>60,896</u>	<u>(1,765,743)</u>

The hedge losses recognised in the profit and loss in 2019 were due to the disposal of a substantial element of the assets covered by the cash flow hedge. this has been reduced from €28 million to €6 million.

#### 5 Other losses

The analysis of the Company's other losses for the year is as follows:

	Note	2020	2019
		£	£
Loss on disposal of Alcaidesa Holding SA & Alcaidesa Golf SA		-	(13,438,187)
Impairment of Alcaidesa Servicios SA	12	-	(1,000,000)
Loss on disposal of Alcaidesa Servicios SA		(1,676,637)	-
		<u>(1,676,637)</u>	<u>(14,438,187)</u>

The loss on disposal of Alcaidesa Servicios SA is made up follows:

	Note	£
Proceeds of sale		4,278,356
Carrying value of investment disposed	12	(4,895,035)
Incurred costs on disposal		(252,634)
Realisation of hedging reserve and disposal of hedging instruments		(807,324)
		<u>(1,676,637)</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Auditors' remuneration

The deemed audit fee for the company was £1,000 (2019: £1,000).

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

#### 7 Staff costs

There were no staff employed during the year (2019: nil).

#### 8 Directors' remuneration

No remuneration was paid to the directors of the company during the year (2019: £Nil).

#### 9 Finance income

	2020 £	2019 £
Interest income from group undertakings	-	259,227

#### 10 Finance costs

	2020 £	2019 £
Interest expense payable to group undertakings	367,565	718,654
Other finance costs	60	84
	<u>367,625</u>	<u>718,738</u>

#### 11 Income tax

Tax credited in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
Group relief	(232,749)	(362,173)
UK corporation tax adjustment to prior periods	(60,625)	(4,297)
	<u>(293,374)</u>	<u>(366,470)</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 11 Income tax (continued)

The tax credit on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(2,105,158)</u>	<u>(16,663,441)</u>
Corporation tax at standard rate	(399,980)	(3,166,054)
Decrease in current tax from adjustment for prior periods	(60,625)	(4,297)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	165,644	2,743,256
Increase arising from group relief tax reconciliation	<u>1,587</u>	<u>60,625</u>
Total tax credit	<u>(293,374)</u>	<u>(366,470)</u>

Deferred tax assets at 31 December 2020 has been calculated based on the UK corporation tax rate of 19%. In the 3 March 2021 Budget it was announced that the statutory tax rate will increase to 25% in 2023. This will have a consequential effect on the company's future tax charge.

**Costain Alcaidesa Limited****Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****12 Investments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	-	4,895,035
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 1 January 2019		23,492,498
Additions		5,895,035
Disposals		<u>(23,492,498)</u>
At 31 December 2019		<u>5,895,035</u>
At 1 January 2020		5,895,035
Disposals		<u>(5,895,035)</u>
At 31 December 2020		<u>-</u>
<b>Provision</b>		
At 1 January 2019		48,659
Provision		1,000,000
Eliminated on disposals		<u>(48,659)</u>
At 31 December 2019		<u>1,000,000</u>
At 1 January 2020		1,000,000
Eliminated on disposals		<u>(1,000,000)</u>
At 31 December 2020		<u>-</u>
<b>Carrying amount</b>		
At 31 December 2020		<u>-</u>
At 31 December 2019		<u>4,895,035</u>

In the year, the company disposed of its investment in Alcaidesa Servicios SA.

## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 12 Investments (continued)

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held		Registered office
		2020	2019	
Alcaidesa Servicios SA*	Trading	0%	100%	(1)

\* indicates direct investment of the company.

(1) Avda. Pablo Cerezo, s/n, Club de Golf Alcaidesa, 11360 - San Roque-Cádiz, Spain

#### 13 Trade and other receivables

	31 December 2020 £	31 December 2019 £
Amounts owed by group undertakings	-	5,561,138
Group relief receivable	232,749	366,470
	<u>232,749</u>	<u>5,927,608</u>

Amounts receivable from other group undertakings is unsecured, repayable on demand but accrues interest at a rate of 0.5% (2019: 0.5%).

#### 14 Cash and cash equivalents

	31 December 2020 £	31 December 2019 £
Cash at bank	<u>37,934</u>	<u>13,028</u>

The Company's bankers have the right to set off the company's principal bank balances when in credit against any overdraft borrowings by, a fellow subsidiary of the Costain group, Richard Costain Limited. In addition, one of the arrangements requires that certain cash balances, whether in credit or debit, are swept to/from Richard Costain Limited on a daily basis; such arrangements are commonplace in large groups and facilitate effective cash management. The company's cash balance is replaced with an inter-company receivable/payable from/to Richard Costain Limited.

The cash balance of £37,934 (2019: £13,028) represents cash held in the Euro bank account.



## Costain Alcaidesa Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 15 Creditors

##### Amounts falling due within one year

	31 December 2020 £	31 December 2019 £
Accrued expenses	-	701,485
Amounts owed to group undertakings	10,994,702	19,561,311
	<u>10,994,702</u>	<u>20,262,796</u>

Amounts payable to other group undertakings is unsecured, repayable on demand but accrues interest at a rate of 2.5% (2019: 2.5%).

#### 16 Called up share capital

##### Allotted, called up and fully paid shares

	31 December 2020 No.	£	31 December 2019 No.	£
Ordinary shares of £1 each	<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>	<u>32,500,000</u>

#### 17 Reserves

##### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The hedge transactions were terminated on the disposal of the hedged investment.

#### 18 Contingent liabilities

The company has entered into cross guarantees together with the ultimate parent company and certain fellow Group undertakings for borrowing facilities made available to the Group. At 31 December 2020, these liabilities amounted to £48,000,000 (2019: £116,000,000).

These 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.

## **Costain Alcaidesa Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **19 Parent and ultimate parent undertaking**

The company's immediate parent is Costain Engineering & Construction Limited.

The ultimate parent is Costain Group PLC.

The parent of the largest and smallest group producing publicly available financial statements in which these financial statements are consolidated is Costain Group PLC. These financial statements are available upon request from Costain House, Vanwall Business Park, Maidenhead, Berkshire, SL6 4UB.

The ultimate controlling party is Costain Group PLC.