Volker Stevin Limited

Directors' report and financial statements

Registered number 00288392

31 December 2007

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2007

Principal activities

The principal activities of the company are civil engineering and building contracting and related activities

Business review

Objectives and Strategy

The company continued with its strategy to secure a significant part of its business in work that is acquired on a less price sensitive basis In addition, progress was achieved in broadening the client base with more private sector work

Performance

Turnover rose significantly from £49 3 million in 2006 to £67 7 million, representing a 37% increase Profit before tax was also well up on the £0 8 million in 2006 to £1 3 million, an increase of 68% Operating margins also improved from 1 57% to 1 92% All three of the regional civil engineering businesses showed improvements, as well as subsidiary companies Steel Foundations and Brooks Contracting, the plant holding company

Health & Safety

Health and Safety continues to be the key element in delivering our projects and services To this end, the Company's Health and Safety Management System received external verification to OHSAS 18001 1999 this year, thus completing the full suite of Quality, Environmental and Health and Safety accreditations

Management systems are, however, only one aspect to help us deliver good Health and Safety performance The participation of our staff and workforce in the drive for "zero accidents" has yielded further statistical improvement this year Our AFR (Accident Frequency Rate) for 2007 stood at 0 22 (0 27 in 2006) which is an excellent result considering the background of increased workload and expanding workforce

Our four Key Performance Indicators, measuring Safety Training Delivered, AFR, Lost Time and Site Inspection Scores, have also moved positively and underline the overall improvement made in 2007 As we improve year on year, targets gets tougher to achieve and 2008 will be a challenge Nevertheless, with a co-ordinated campaign from the Health and Safety Team, we have set a further improvement target for 2008 of 10%

Environmental

Our environmental performance continues to be amongst the leading contractors in the UK Once again we have had a year with no pollution incidents or environmental prosecutions

We have incorporated into our management system a Sustainable Timber Policy for softwood and hardwoods with our subsidiary, Brooks Contracting Company, now able to verify to any external client that all timber it uses comes from sustainable sources

Our EMAS and ISO 14001 accreditations remain in place and are the cornerstone of our sustainability policy Waste Minimisation and Re-cycling have been Key Performance Indicators for some time and further improvements in performance were achieved in 2007 For 2008 the business will continued to strive for further environmental performance improvements through more staff training and development, with a focus on Waste Management

Directors' report *(continued)*

Business review *(continued)*

Corporate Social Responsibility

In 2007 we took the decision to become a more sustainable business and introduced a new Policy Statement in June We have divided sustainability into three sections, Social, Environmental and Economics, which basically embrace our Corporate Social Responsibility objectives Towards the latter part of the year we formed a Sustainability Working Group from a number of enthusiastic employees The role of the group is to develop and propose initiatives for implementation by the Company As well as meeting the growing clients' requirement to demonstrate that we are committed to sustainable development, we are hopeful that it will bring commercial benefits to the business

Performance Measurement

The company continued to measure its performance through its suite of Key Performance Indicators which are split into four quadrants, Stakeholder, Delivery, Processes and Efficiency The bar was raised for all sections and we achieved our improvement targets when measured against the Combined Balanced Scorecard Financially, improvements were made in both revenue growth and profitability

Principal Risks and Uncertainties

The company adopts a rigorous risk management processes in tendering for projects, Health and Safety and Environmental performance being an important consideration The implementation of these processes has brought about improvements in all areas

Shortage of skills and difficulty in recruiting high calibre people remains a risk as the business continues to grow Staff retention is also likely to become more difficult as pressure comes on the construction sector with the 2012 Olympics Significant investment in training and keeping people at the forefront of our agenda is key to offsetting these risks

Looking Ahead

The order book for 2008 and beyond is the strongest for many years in both quantity and quality A high proportion of the order book is in cost reimbursable and client risk sharing contracts The target for 2008 is a further 20% growth in turnover and improvement in margins and with the current order book, there is a high degree of confidence in achieving both

Proposed dividend

The directors do not recommend the payment of a dividend

Market value of land and buildings

In the opinion of the directors, the book value of the land and buildings of the Group is substantially lower than the market value at the balance sheet date It is not considered practicable to value these differences

Directors

The directors who held office during the year were as follows

P Roebuck
J McNeilly
AJ de Jong
H Janssen

The director retiring by rotation is H Janssen who, being eligible, offers himself for re-election

Directors' report *(continued)*

Directors *(continued)*

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families or exercised by them, during the financial year

The ultimate parent company has effected and maintained insurance for the directors against liabilities as officers of the company

Employees

Throughout the group there is close consultation between management and other employees on matters of concern with a view to keeping employees well informed about the progress and position of the group's activities It is the policy of the group to give full and fair consideration to the employment of applicants who are disabled persons with suitable aptitudes and abilities

Political and charitable contributions

During the year the group made various charitable contributions amounting to £2,110 *(2006 £1,886)* Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or previous year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm, 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

P Roebuck
Director

Springwell Road
Springwell
Gateshead
Tyne and Wear
NE9 7SP

8 May 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Volker Stevin Limited

We have audited the group and parent company financial statements (the "financial statements") of Volker Stevin Limited for the year ended 31 December 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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

Independent auditors' report to the members of Volker Stevin Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

Chartered Accountants

Registered Auditor

8 May 2008

Consolidated Profit and Loss Account

for the year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover	*1*	**67,700**	49,320
Cost of sales		**(60,737)**	(42,914)
Gross profit		**6,963**	6,406
Administrative expenses		**(5,814)**	(5,539)
Operating profit		**1,149**	867
Other finance income	*5*	**70**	25
Interest receivable	*6*	**312**	215
Interest payable	*7*	**(232)**	(334)
Profit on ordinary activities before taxation	*2-4*	**1,299**	773
Tax on profit on ordinary activities	*8*	**(336)**	(258)
Profit for the financial year		**963**	515

The results for the year are derived entirely from continuing operations

Consolidated Balance Sheet
at 31 December 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Tangible assets	*9*		**2,943**		2,947
Current assets					
Stocks	*11*	**689**		528	
Debtors	*12*	**16,931**		14,266	
Cash at bank and in hand		**6,760**		1,662	
		24,380		16,456	
Creditors amounts falling due within one year	*13*	**(18,922)**		(11,502)	
Net current assets			**5,458**		4,954
Total assets less current liabilities			**8,401**		7,901
Creditors amounts falling due after more than one year	*14*		**(3,300)**		(3,300)
Provisions for liabilities	*15*		**(144)**		(164)
Net assets excluding pension liabilities			**4,957**		4,437
Pension liabilities	*20*		**(1,693)**		(3,101)
Net assets including pension liabilities			**3,264**		1,336
Capital and reserves					
Called up share capital	*17*		**3,100**		3,100
Profit and loss account	*18*		**164**		(1,764)
Shareholders' funds			**3,264**		1,336

These financial statements were approved by the board of directors on 3 May 2008 and were signed on its behalf by

P Roebuck
Director

Company Balance Sheet
at 31 December 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Tangible assets	9		2,943		2,939
Investments	10		2		2
			2,945		2,941
Current assets					
Stocks	11	12		15	
Debtors	12	16,588		13,752	
Cash at bank and in hand		5,991		1,401	
		22,591		15,168	
Creditors amounts falling due within one year	13	(18,427)		(10,866)	
Net current assets			4,164		4,302
Total assets less current liabilities			7,109		7,243
Creditors amounts falling due after more than one year	14		(3,300)		(3,300)
Provisions for liabilities	15		(147)		(166)
Net assets excluding pension liabilities			3,662		3,777
Pension liabilities	20		(1,693)		(3,101)
Net assets including pension liabilities			1,969		676
Capital and reserves					
Called up share capital	17		3,100		3,100
Profit and loss account	18		(1,131)		(2,424)
Shareholders' funds			1,969		676

These financial statements were approved by the board of directors on 9 May 2008 and were signed on its behalf by

P Roebuck
Director

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2007

	2007	2006
	£000	£000
Profit for the financial year	**963**	515
Actuarial gains/(losses) recognised in the pension scheme	**1,379**	(706)
Tax on items taken direct to equity	**(414)**	212
Total recognised gains relating to the financial year	**1,928**	**21**

Reconciliations of Movements in Shareholders' Funds
for the year ended 31 December 2007

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Profit for the financial year	**963**	515	**328**	636
Net gains/(losses) in respect of FRS 17	**965**	(494)	**965**	(494)
Net addition to shareholders' funds	**1,928**	21	**1,293**	142
Opening shareholders' funds	**1,336**	1,315	**676**	534
Closing shareholders' funds	**3,264**	1,336	**1,969**	676

Notes
(forming part of the 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 financial statements, except as noted below

Basis of preparation

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

As the company is a wholly owned subsidiary of Royal Volker Wessels nv, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group The consolidated financial statements of Royal Volker Wessels Stevin nv, within which this company is included, can be obtained from the address given in note 21

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2007

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows Such arrangements are reported in the consolidated financial statements on the same basis

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account

Cash flow

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	10 to 50 years
Plant and machinery	-	3 to 10 years

No depreciation is provided on freehold land

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Post retirement benefits

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The company operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Stocks

Stocks are stated at the lower of purchase cost or average cost and net realisable value Net realisable value is based on estimated selling price less, where appropriate, further costs expected to be incurred to disposal For work in progress, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years Provision is made for any losses as soon as they are foreseen

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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, except as otherwise required by FRS 19

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Group (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Turnover

Turnover represents the following

a) the value of work executed on contracts during the year,

b) the amount invoiced during the year for goods supplied and services provided

This turnover is stated net of value added tax

All of the group's turnover relates to work undertaken on its principal activities within the United Kingdom

2 Profit on ordinary activities before taxation

	2007	2006
	£000	£000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets		
Owned	**610**	633
Leased	**68**	77
Land rentals payable under operating leases	**34**	61
Hire of other assets - operating leases	**197**	200
Profit on sale of tangible fixed assets	**(35)**	(15)

Auditors' remuneration

	2007	2006
	£000	£000
Audit of these financial statements	**40**	37
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	**10**	10
Other services relating to taxation	**-**	1

Notes *(contınued)*

3 Remuneratıon of dırectors

	2007 £000	2006 £000
Dırectors emoluments	**265**	252
Company pensıon scheme contrıbutıons	**19**	18
	284	270

	Number of dırectors 2007	2006
Retırement benefits are accruıng to the followıng number of dırectors under		
Defined benefit schemes	**2**	2

4 Staff numbers and costs

The average number of persons employed by the Group and Company (ıncludıng dırectors) durıng the year, analysed by category, was as follows

	Number of employees Group 2007	2006	Number of employees Company 2007	2006
Management and admınıstratıve	**206**	191	**182**	166
Operatıonal	**181**	168	**136**	119
	387	359	**318**	285

The aggregate payroll costs of these persons were as follows

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Wages and salarıes	**12,468**	10,691	**10,461**	8,706
Socıal securıty costs	**1,332**	1,131	**1,133**	939
Other pensıon costs defined benefit (note 20)	**686**	745	**550**	673
Other pensıon costs defined contrıbutıon	**174**	123	**157**	109
	14,660	12,690	**12,301**	10,427

Notes *(continued)*

5 Other finance income /(costs)

	2007	2006
	£000	£000
Expected return on pension scheme assets	**1,108**	878
Interest on pension scheme liabilities	**(1,038)**	(853)
	70	25

6 Interest receivable

	2007	2006
	£000	£000
Bank deposit interest	**312**	215

7 Interest payable and similar charges

	2007	2006
	£000	£000
On bank overdrafts	**-**	131
Group undertakings	**230**	197
Finance charges payable in respect of finance leases	**2**	6
	232	334

Notes *(continued)*

8 Taxation

Analysis of charge/(credit) in period

	2007	2007	2006 £000	2006 £000
UK corporation tax				
Current tax on income for the period	163		(29)	
Adjustments in respect of prior period	3		-	
Total current tax		166		(29)
Deferred tax (see note 15)				
(Origination)/reversal of timing differences	(20)		108	
Deferred tax on defined benefit scheme	190		179	
Total deferred tax		170		287
Tax on profit on ordinary activities		336		258

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2006 lower)* than the standard rate of corporation tax in the UK (30%, *2006 30%*) The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Profit on ordinary activities before tax	1,299	773
Current tax at 30% *(2006 30 %)*	390	232
Effects of		
Expenses not deductible for tax purposes	21	18
Capital allowances for period in excess of depreciation	22	38
Utilisation of tax losses	-	(101)
Other timing differences	(267)	(216)
Total current tax charge/(credit) (see above)	166	(29)

Notes *(continued)*

9 Tangible fixed assets

	Land and Buildings £000	Plant and Machinery £000	Total £000
Group			
Cost			
At beginning of year	1,322	7,359	8,681
Additions	-	719	719
Disposals	-	(365)	(365)
At end of year	1,322	7,713	9,035
Depreciation			
At beginning of year	532	5,202	5,734
Charge for year	54	632	686
On disposals	-	(328)	(328)
At end of year	586	5,506	6,092
Net book value			
At 31 December 2007	**736**	**2,207**	**2,943**
At 31 December 2006	790	2,157	2,947

Included in the total net book value of plant and machinery is £389,000 *(2006 £457,000)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £68,000 *(2006 £77,000)*

Depreciation has not been charged on freehold land which is stated at its cost of £90,155 *(2006 £90,155)*

Notes *(continued)*

9 Tangible fixed assets *(continued)*

	Land and buildings £000	Plant and Machinery £000	Total £000
Company			
Cost			
At beginning of year	1,322	7,258	8,580
Additions	-	719	719
Disposals	-	(365)	(365)
At end of year	1,322	7,612	8,934
Depreciation			
At beginning of year	532	5,109	5,641
Charge for year	54	624	678
On disposals	-	(328)	(328)
At end of year	586	5,405	5,991
Net book value			
At 31 December 2007	**736**	**2,207**	**2,943**
At 31 December 2006	790	2,149	2 939

Included in the total net book value of plant and machinery is £389,000 *(2006 £457,000)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £68,000 *(2006 £77,000)*

Depreciation has not been charged on freehold land which is stated at its cost of £90,155 *(2006 £90,155)*

The net book value of land and buildings comprises

	Group 2007 £000	2006 £000	**Company 2007 £000**	2006 £000
Freehold	**736**	790	**736**	790

Notes *(continued)*

10 Fixed asset investments

	2007 £000	2006 £000
Share in group undertakings		
Cost and net book value	**2**	2

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows

	Principal activity	Class and percentage of shares held
Subsidiary undertakings		
Brooks Contracting Company Limited	Plant hire	Ordinary 100%
Steel Fabrications Limited	Civil engineering	Ordinary 100%
Joint arrangements not an entity		
HMB Alliance	Civil engineering	35%
CVC Highway Solutions	Civil engineering	50%
VSD Avenue	Civil engineering	33 3%
VS Marine	Civil engineering	50%

The percentage quoted in respect of the joint arrangements not an entity are the group interest under the joint arrangement

11 Stocks

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Raw materials and consumables	**373**	326	**12**	15
Work in progress	**187**	95	**-**	-
Piling stock	**129**	107	**-**	-
	689	528	**12**	15

Notes *(continued)*

12 Debtors

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Trade debtors	**13,700**	7,422	**13,062**	6,831
Amounts recoverable on contracts	**2,497**	2,273	**2,359**	2,033
Amounts owed by group undertakings	**483**	4,269	**897**	4,707
Corporation tax recoverable from other group companies	**-**	29	**120**	-
Other debtors	**9**	47	**9**	41
Prepayments and accrued income	**242**	226	**141**	140
	16,931	14,266	**16,588**	13,752

13 Creditors: amounts falling due within one year

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Obligations under finance leases (note 14)	**-**	51	**-**	51
Payments on account	**2,194**	-	**2,136**	-
Trade creditors	**11,525**	8,595	**10,892**	7,985
Provisions for future losses	**16**	-	**16**	-
Amounts owed to group undertakings	**1,470**	89	**1,900**	89
Corporation tax	**165**	-	**-**	8
Other taxation and social security	**2,791**	1,895	**2,764**	1,909
Other creditors	**529**	447	**529**	447
Accruals and deferred income	**232**	425	**190**	377
	18,922	11,502	**18,427**	10,866

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Amounts owed to group undertakings	**3,300**	3,300	**3,300**	3,300

Amounts owed to group undertakings represents a subordinated loan with Volker Wessels UK Limited

The maturity of obligations under finance leases is as follows

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Within one year	-	51	-	51

15 Provisions for liabilities

	Deferred taxation £000
Group	
At beginning of year	164
Credit to the profit and loss for the year	(20)
At end of year	**144**

The elements of deferred taxation are as follows

	2007 £000	2006 £000
Difference between accumulated depreciation and amortisation and capital allowances	**144**	164

Notes *(continued)*

15 Provisions for liabilities *(continued)*

	Deferred Taxation £000
Company	
At beginning of year	166
Credit to the profit and loss for the year	(19)
At end of year	**147**

The elements of deferred taxation are as follows

	2007 £000	2006 £000
Difference between accumulated depreciation and amortisation and capital allowances	**147**	166

16 Contingent liabilities

There were contingent liabilities at 31 December 2007 as follows

a) a guarantee in respect of bank indebtedness of subsidiary undertakings

b) performance bonds given by the company on behalf of its subsidiaries and agreements entered into in the normal course of business

17 Called up share capital

	2007 £000	2006 £000
Authorised		
Ordinary shares of £1 each	**3,500**	3,500
Allotted, called up and fully paid		
Ordinary shares of £1 each	**3,100**	3,100

Notes *(continued)*

18 Reserves

Group

	Profit and loss account £000
At beginning of year	(1,764)
Profit for the year	963
Actuarial gain recognised in the pension scheme	1,379
Deferred tax arising on gains in the pension scheme	(414)
At end of year	164

	2007 £000	2006 £000
Profit and loss reserve excluding pension liability	**1,857**	1,337
Pension liability	**(1,693)**	(3,101)
Profit and loss reserve including pension liability	**164**	(1,764)

Company

	Profit and loss account £000
At beginning of year	(2,424)
Profit for the year	328
Actuarial gain recognised in the pension scheme	1,379
Deferred tax arising on gains in the pension scheme	(414)
At end of year	(1,131)

	2007 £000	2006 £000
Profit and loss reserve excluding pension liability	**562**	677
Pension liability	**(1,693)**	(3,101)
Profit and loss reserve including pension liability	**(1,131)**	(2,424)

Notes *(continued)*

19 Commitments

(a) There are no capital commitments at the end of the financial year, for which a provision would be necessary

(b) Annual commitments under non-cancellable operating leases are as follows

	2007 Land and buildings	Other	2006 Land and Buildings	Other
Group	**£000**	**£000**	£000	£000
Operating leases which expire				
Within one year	14	150	14	74
In the second to fifth years inclusive	-	195	-	70
Over five years	19	-	19	-
	33	345	33	144

	2007 Land and buildings	Other	2006 Land and buildings	Other
Company	**£000**	**£000**	£000	£000
Operating leases which expire				
Within one year	14	-	14	-
In the second to fifth years inclusive	-	-	-	-
Over five years	19	-	19	-
	33	-	33	-

20 Pension scheme

Defined contribution pension scheme

Company

The Company operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £174,000 *(2006 £123,000)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Group

Defined benefit pension scheme

The Group operates a pension scheme providing benefits based on final pensionable pay The latest full actuarial valuation was carried out at 1 January 2005 and was updated for FRS 17 purposes to 31 December 2007 and 31 December 2006 by a qualified independent actuary

The Volker Stevin UK Limited Retirement Benefits Scheme was closed to future accrual from 29 February 2008 All employees are eligible to join the Group Personal Pension from 1 March 2008

Notes *(continued)*

20 Pension scheme *(continued)*

It has been agreed that an employer contribution rate of 9 6% of pensionable pay will apply with effect from 1 July 2005 with an additional £625,000 per annum payable in quarterly instalments until the results of the next formal actuarial are known

The major assumptions used in this valuation were

	2007	2006	2005
Rate of increase in salaries	**3 25%**	3 00%	2 50%
Rate of increase in pensions in payment and deferred pensions	**3 15%**	2 75%	2 50%
Discount rate applied to scheme liabilities	**5 80%**	5 10%	4 75%
Inflation assumption	**3 25%**	2 75%	2 50%
Investment return	**6 89%**	6 83%	6 26%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2007 £000	Value at 2006 £000	Value at 2005 £000
Equities	**11,063**	10,442	7,503
Bonds	**5,812**	5,338	4,317
Other – Property	**345**	92	1,733
Total market value of assets	**17,220**	15,872	13,553
Present value of scheme liabilities	**(19,638)**	(20,302)	(17,872)
Deficit in the scheme –Pension liability	**(2,418)**	(4,430)	(4,319)
Related deferred tax asset	**725**	1,329	1,296
Net pension (liability)	**(1,693)**	(3,101)	(3,023)

Notes *(continued)*

20 Pension scheme *(continued)*

Group *(continued)*

The expected rates of return on the assets in the scheme were

	Long term rate of return 2007	Long term rate of return 2006	Long term rate of return 2005
Equities	**7 80%**	7 85%	7 50%
Bonds	**5 24%**	4 88%	5 00%
Other – Property	**5 50%**	5 00%	4 00%

Movement in deficit during the year

	2007 £000	2006 £000
Deficit in scheme at beginning of year	**(4,430)**	(4,319)
Current service cost	**(686)**	(542)
Contributions paid	**1,249**	1,315
Past service cost	**-**	(203)
Other finance income	**70**	25
Actuarial (loss)	**1,379**	(706)
Deficit in the scheme at the end of the year	**(2,418)**	**(4,430)**

Analysis of other pension costs charged in arriving at operating profit

	2007 £000	2006 £000
Current service cost	**686**	542
Past service cost	**-**	203
	686	745

Analysis of amounts included in other finance income

	2007 £000	2006 £000
Expected return on pension scheme assets	**1,108**	878
Interest on pension scheme liabilities	**(1,038)**	(853)
	70	25

Notes *(continued)*

20 Pension scheme *(continued)*

Group *(continued)*

Analysis of amount recognised in statement of total recognised gains and losses

	2007 £000	2006 £000
Actual return less expected return on scheme assets	**(433)**	367
Experience gains and losses arising on scheme liabilities	**(1)**	(399)
Changes in assumptions underlying the present value of scheme liabilities	**1,813**	(674)
Actuarial loss recognised in statement of total recognised gains and losses	**1,379**	**(706)**

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£000)	**(433)**	(367)	1,331	465	644
Percentage of year end scheme assets	**(2 5%)**	2 3%	9 8%	4 2%	6 6%
Experience gains and losses on scheme liabilities					
Amount (£000)	**(1)**	(399)	(635)	(233)	706
Percentage of year end present value of scheme liabilities	**(0 0%)**	(2 0%)	(3 6%)	(1 5%)	5 2%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	**1,379**	(706)	(724)	72	(295)
Percentage of year end present value of scheme liabilities	**7 0%**	(3 5%)	(4 0%)	0 5%	(2 1%)

21 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary undertaking of Royal Volker Wessels Stevin nv, incorporated in the Netherlands, which is the ultimate parent company

The largest group in which the results of the Company are consolidated is that headed by Royal Volker Wessels Stevin nv, incorporated in the Netherlands The consolidated financial statements of this group are available to the public and may be obtained from its Rotterdam office, Oost maaslaan 71, 3063 AN, Rotterdam, The Netherlands

The smallest group in which the results of the company are consolidated is that headed by Volker Wessels UK Limited, incorporated in England and Wales The consolidated financial statements of this group are available to the public and may be obtained from its registered office, Hertford Road, Hoddesdon, Herts, EN11 9BX