



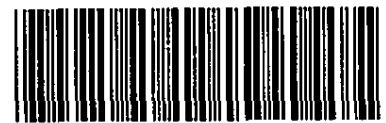
VolkerStevin Limited

Annual Report and Financial Statements

Registered number 00288392

31 December 2013

TUESDAY



B3FJKZ5S

B26

02/09/2014

#41

COMPANIES HOUSE

**Page
No**

1	Company Information
2	Strategic Report
5	Directors' Report
6	Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements
7	Independent Auditor's Report to the Members of VolkerStevin Limited
8	Income Statement
9	Statement of Comprehensive Income
10	Statement of Financial Position
11	Statement of Changes in Equity
12	Cash Flow Statement
13	Notes to the Financial Statements

Directors

RD Coupe
(Managing Director)

NA Connell
AR Robertson
AR Towse
MG Woods
VolkerWessels UK Limited

Company Secretary

AT West

Auditor

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Registered Office

Hertford Road
Hoddesdon
Hertfordshire
EN11 9BX

Trading addresses

The Lancashire Hub
Preston City Park
Bluebell Way
Preston
PR2 5PE

White Lund Trading Estate
Morecambe
Lancashire
LA3 3BY

Unit 12B Evelyn Court
Parkside Business Centre
Grinstead Road
London
SE8 5AD

Hertford Road
Hoddesdon
Hertfordshire
EN11 9BX

Registered Number

00288392

Principal Bankers

Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

BNP Paribas Fortis
10 Harewood Avenue
London
NW1 6AA

Principal activities

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

Business review

The financial highlights are as follows

	2013	2012
	£000	£000
Revenue	68,087	73,704
Gross profit	2,765	7,991
Gross profit margin	4.1%	10.8%
Operating profit	553	3,676
Operating profit margin	0.8%	5.0%
Profit before tax	204	3,336
Profit before tax margin	0.3%	4.5%
Total assets	39,634	39,023
Net assets	13,964	13,354

VolkerStevin has completed a solid year of trading, with a slight decrease in volumes representing its strategy of pursuing quality of earnings. The margin was lower than the previous year, largely due to the impact of a project that was substantially completed during 2013. The business continues to review both the markets in which it operates and potential Joint Venture partners to ensure it has a strong pipeline of future opportunities which complement its skills and ability to produce strong financial results.

Notable achievements in this year include the successful completion of berths 201/202 at the Port of Southampton for Associated British Ports and being nominated a top quartile performer in the Environmental Agency's national framework for a second consecutive year. We have continued to successfully win and deliver projects such as Colwyn Bay Sea defence project and works for blue chip clients such as United Utilities. In the year we were successful in securing two long term frameworks with the Environment Agency and National Grid providing flood defence schemes as well as a number of regional projects such as Cromer and Kirkcaldy coastal schemes.

The outlook for the business is positive as it continues to concentrate on its core activities with strong management in place, backed by a sound financial position. It will continue to be selective on market opportunities with major schemes identified such as the Thames Estuary and United Utilities Asset Management Programme 6 (AMP6) programme. The secured order book stood at £31.7m (2012: £50.2m) at 31 December 2013.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (see note 2.3 for further details).

Principal risks and uncertainties

The Company undertakes a rigorous risk management process on every bid undertaken and on every contract secured. In addition, the Company works very closely with its clients to ensure that a high level of understanding is achieved to ensure contracts are completed in an efficient manner and to the required quality. The principal risks and uncertainties are

- Health and safety to ensure the Company has adequate systems in place to mitigate, as far as possible, the risks inherent in the construction process,
- Personnel the long term success of the Company is dependent on the recruitment, training and retention of the correct personnel. This is essential in order to maintain the Company's ability to perform in highly competitive sectors,
- Tendering to match clients' expectations to the correct price,
- Construction to ensure that the appropriate employee skills are available and that suitable quality materials are procured at the correct price,
- Environment construction has a significant effect on the environment, therefore it is essential that the Company's operational impacts are, as far as possible, positive in this regard,
- Information technology to ensure the Company has suitable systems in place so that, as far as possible, information flows throughout the Company and that the risk of system loss is mitigated by appropriate contingency plans, and
- Insurance it is essential that suitable arrangements exist to underpin and support all of the operations and services in which the Company operates

Supply chain management

Supply chain management is an integral part of VolkerStevin's commitment to offering our clients a quality service. We establish mutually rewarding, on-going relationships with our suppliers and sub-contractors, and today work with many organisations with which we have a long and successful history of co-operation. Our supply chain partners are thoroughly assessed against a number of criteria including health & safety performance, design and technical capability, financial strength and ethical working practices.

The VolkerWessels UK Group is a signatory to the Prompt Payment Code sponsored by the Department for Business, Innovation & Skills. As a signatory we undertake to

- Pay suppliers on time
 - Within the terms agreed at the outset of the contract
 - Without attempting to change payment terms retrospectively
 - Without changing practice on length of payment for smaller companies on unreasonable grounds
- Give clear guidance to suppliers
 - Providing suppliers with clear and easily accessible guidance on payment procedures
 - Ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers
 - Advising them promptly if there is any reason why an invoice will not be paid to the agreed terms
- Encourage good practice
 - By requesting that lead suppliers encourage adoption of the code throughout their own supply chains

We also frequently adopt and adhere to contract or client specific fair payment charters

Corporate Social Responsibility

Socially responsible behaviour is critical to a sustainable development strategy. VolkerStevin's overall performance is underpinned by integrating this behaviour into the organisation and upholding good corporate governance. The organisational governance of the Corporate Social Responsibility ("CSR") policy however, extends beyond environmental diligence, community involvement, and the health of our workforce, into fair operating practices and the maintenance of effective employee relations, morale and commitment.

We recognise that we have an integral responsibility for all matters of general concern to the society in which we operate and to all of our own, and society's stakeholders. This responsibility is demonstrated through our actions and within our comprehensive suite of corporate policies, processes and procedures supported by Directors and senior managers. Our decision making is linked to ethical values, compliance with legal requirements and our respect for people, communities and the environment.

Our primary aim is to be the preferred contractor to our existing clients through delivery of excellence and quality service, and to carefully select new opportunities with clients who we wish to work with who are aligned to our core beliefs and objectives. In our aim to supply quality products and services that exceed the requirements of our customers we will establish an environment that supports the production and delivery of high quality products and services, whilst establishing strong relationships with both customers and suppliers who will contribute to improving the quality of what is sold or purchased.

We are committed to maintaining high standards in regard to the matters of health, safety, welfare, quality and environmental issues. We seek continual improvement through regular reviews, inspections and audit of its activities to develop its various management systems and employees. We believe that the perception and reality of our CSR performance is fundamental to our success.

By order of the Board



RD Coupe
Director
2 May 2014
VolkerStevin Limited
Company registered number 00288392

Hertford Road
Hoddesdon
Hertfordshire
EN11 9BX

VolkerStevin Limited
Directors' Report
for the year ended 31 December 2013

The Directors present their Directors' Report and financial statements for the year ended 31 December 2013

Dividends

The Directors do not recommend the payment of a dividend (2012 £nil)

Directors

The Directors who held office during the year were as follows

NA Connell
RD Coupe
AR Robertson
AR Towse
MG Woods
VolkerWessels UK Limited

Employees

The Company is an equal opportunities employer

The culture of the Company ensures that staff are trained to very high standards with each individual's technical and development skills continually being reviewed and enhanced. This culture has ensured that the Company has available the management skills to maintain growth underpinned by a robust internal promotion scheme.

The Company's policy is to consult and discuss with employees matters likely to affect employee's interests. The Company also encourages the involvement of employees in the Company's performance in many ways including its remuneration package.

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, whenever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitude and abilities.

Political and charitable contributions

The Company made charitable donations amounting to £956 (2012 £20). The Company did not make any political donations or incurred any political expenditure during the year (2012 £nil).

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that 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.

By order of the Board



RD Coupe
Director
2 May 2014
VolkerStevin Limited
Company registered number 00288392

Hertford Road
Hoddesdon
Hertfordshire
EN11 9BX

VolkerStevin Limited

**Statement of Directors' Responsibilities in respect of the Strategic Report,
Directors' Report and Financial Statements
for the year ended 31 December 2013**

The Directors are responsible for preparing the Strategic Report, 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 IFRSs as adopted by the EU 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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of VolkerStevin Limited
Year ended 31 December 2013

We have audited the financial statements of VolkerStevin Limited for the year ended 31 December 2013 set out on pages 8 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Mike Woodward
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

7 May 2014

VolkerStevin Limited
Income Statement
for the year ended 31 December 2013

	<i>Note</i>	2013	2012
		£000	Restated £000
Revenue	3	68,087	73,704
Cost of sales		(65,322)	(65,713)
Gross profit		2,765	7,991
Administrative expenses		(2,212)	(4,315)
Operating profit	4	553	3,676
Financial income	7	12	185
Financial expenses	8	(361)	(525)
Profit before tax		204	3,336
Taxation	9	(200)	(1,020)
Profit for the year		4	2,316

All results derive from continuing operations

The notes on pages 13 to 34 form an integral part of the financial statements

VolkerStevin Limited
Statement of Comprehensive Income
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Profit for the year		<u>4</u>	<u>2,316</u>
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plans	15	757	(810)
Tax recognised on actuarial (gains)/losses		<u>(151)</u>	<u>186</u>
Other comprehensive expense for the year, net of income tax		<u>606</u>	<u>(624)</u>
Total comprehensive income for the year		<u>610</u>	<u>1,692</u>

The notes on pages 13 to 34 form an integral part of the financial statements

VolkerStevin Limited
Statement of Financial Position
for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Non current assets			
Property, plant and equipment	10	773	1,545
Trade and other receivables	13	2,841	3,153
Deferred tax assets	12	1,194	1,513
		<u>4,808</u>	<u>6,211</u>
Current assets			
Trade and other receivables	13	19,885	19,825
Tax receivable		160	26
Cash and cash equivalents		14,781	12,961
		<u>34,826</u>	<u>32,812</u>
Total assets		<u>39,634</u>	<u>39,023</u>
Equity attributable to equity holders of the Company			
Share capital	16	8,000	8,000
Retained earnings		5,964	5,354
Total equity		<u>13,964</u>	<u>13,354</u>
Non current liabilities			
Trade and other payables	14	551	644
Employee benefits	15	3,535	4,843
Deferred tax liabilities	12	-	33
		<u>4,086</u>	<u>5,520</u>
Current liabilities			
Trade and other payables	14	21,584	20,149
		<u>21,584</u>	<u>20,149</u>
Total liabilities		<u>25,670</u>	<u>25,669</u>
Total equity and liabilities		<u>39,634</u>	<u>39,023</u>

These financial statements were approved by the Board of Directors on 2 May 2014 and were signed on its behalf by

RD Coupe
Director



Company registered number 00288392

The notes on pages 13 to 34 form an integral part of the financial statements

VolkerStevin Limited
Statement of Changes in Equity
for the year ended 31 December 2013

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2012	8,000	3,662	11,662
Comprehensive income			
Profit for the year	-	2,316	2,316
Other comprehensive income			
Actuarial losses on defined benefit pension plans, net of tax	-	(624)	(624)
Balance at 31 December 2012	8,000	5,354	13,354
Balance at 1 January 2013	8,000	5,354	13,354
Comprehensive income			
Profit for the year	-	4	4
Other comprehensive income			
Actuarial gain on defined benefit pension plans, net of tax	-	606	606
Balance at 31 December 2013	8,000	5,964	13,964

The notes on pages 13 to 34 form an integral part of the financial statements

VolkerStevin Limited
Cash flow Statement
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Cash flows from operating activities	18	2,135	240
Interest paid	8	(160)	(187)
Tax received/(paid)		26	(128)
Net cash from operating activities		2,001	(75)
Cash flows from investing activities			
Interest received	7	12	185
Acquisition of plant, property and equipment	10	(193)	-
Net cash from investing activities		(181)	185
Net increase in cash and cash equivalents		1,820	110
Cash and cash equivalents at 1 January		12,961	12,851
Cash and cash equivalents at 31 December		14,781	12,961

The notes on pages 13 to 34 form an integral part of the financial statements

1. General information

The Company is incorporated and domiciled in the UK

2 Accounting policies

2.1 Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements

2.2 Measurement convention

The financial statements are prepared on the historical cost basis

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section of the Strategic Report on page 2. In addition, note 17 to the financial statements includes the Company objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposure to credit risk and liquidity risk

The Company meets its day-to-day working capital requirements through the group treasury management provided by VolkerWessels UK Limited. See note 17 (c)

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

2.4 Jointly controlled operations

The Company has entered into a number of Jointly Controlled Operations (JCOs) with different partners for the purposes of undertaking specific contracts. Interests in JCOs are accounted for by recognising the Company's share of income and expenses and assets and liabilities measured according to the terms of the arrangements

2.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency (pound sterling) at the foreign exchange rate ruling at the date of the transaction, unless the transaction has been hedged, and in which case the transaction is translated at the contracted foreign exchange rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

2 Accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE. Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of PPE. Land is not depreciated. The estimated useful lives are as follows:

Buildings	10-50 years
Plant, machinery and vehicles	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.7 Property, plant and equipment held for sale

When property, plant and equipment's carrying value is to be recovered principally through a sale transaction rather than through continuing use, the asset is classified as PPE held for sale. Depreciation ceases at the date that the asset is classified as held for sale and is carried at the lower of its net book value and fair value less costs to sell.

2.8 Operating leases

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

2.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pensions plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximate to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

2.10 Construction contract debtors

Construction contract debtors represent the gross unbilled income for contract work performed to date. They are measured at cost plus profit recognised to date (see revenue accounting policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

2. Accounting policies (continued)

2 10 Construction contract debtors (continued)

Construction contract debtors are presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as amounts due to customers for contract work, in the balance sheet. Claims derived from variations on contracts are not recognised until the outcome of the particular claim is certain, except in exceptional circumstances where the principles of the claim have been agreed with the client and the Directors have made a considered assessment of the final outcome.

2 11 Impairment excluding inventories, investment properties and deferred tax assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, a financial asset is considered to be impaired if objective evidence exists that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables are not discounted where their duration is less than one year or where the effect of discounting is not material.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 12 Financial Instruments

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a They include no contractual obligations upon the Company 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, and

2. Accounting policies (continued)

2 12 Financial Instruments (continued)

- 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

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.

2 13 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2 14 Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested, dividend income and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Accounting policies (continued)

2.16 Revenue

Revenue represents the value of work done in the year and includes work that has in whole or part been subcontracted out. All amounts are exclusive of value added tax.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognised in profit or loss in proportion to the state of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

2.17 Inter-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2.18 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (mandatory for year commencing on or after 1 January 2014)
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (mandatory for year commencing on or after 1 January 2014). The amendments simplify the transition to these new standards and provide additional relief from disclosures.

2.19 Changes in accounting policies

The following new standards and amendments effective for periods beginning on or after 1 January 2013, have been adopted for both the Group and Company financial statements, as appropriate and unless stated otherwise have not resulted in any material impact on either the Group or Company financial statements.

IAS 19 Employee Benefits – the Group has adopted amendments to IAS 19 Employee Benefits, including consequential amendments to other standards, with a date of initial application of 1 January 2013, and restated the prior year's result accordingly. The Group has changed its accounting policies with respect to the basis for accounting for financing income/expense on the value of the defined benefit pension schemes' assets/liabilities and with respect to the costs of administering the defined benefit pension schemes.

2. Accounting policies (continued)

2.19 Changes in accounting policies (continued)

The Group determines financing income/expense for the period by applying the discount rate used for valuing the schemes' liabilities to the value of the net pension asset/liability at the beginning of the year. Previously, the Group calculated financing income by applying the expected return on assets to the value of the schemes' assets at the beginning of the year and financing expense by applying the discount rate to the value of the schemes' liabilities at the beginning of the year (taking into account any changes during the period as a result of contributions and benefit payments). Additionally, where applicable, the expense of administering the pension schemes is now charged separately to operating profit within the income statement. Previously it was accounted for as a reduction in the expected return on schemes' assets.

For the year to 31 December 2013 the above changes have been included, and although this accounting policy is to be applied retrospectively no restatement has been made for 2012. This is because the impact on the Group and Company Profit and Other Comprehensive Income for the period as previously reported is considered to be immaterial.

The only restatement included in 2012 relates to a reclassification in the profit and loss to create a net interest on the net defined benefit liability / (asset). This has had no impact on the profit figure for the year and the balance sheet.

3. Revenue

Revenue is comprised as follows

	2013 £000	2012 £000
Construction contract revenue	68,087	73,704

Substantially all revenue relates to sales made in the United Kingdom.

4. Operating profit

Operating profit is stated after charging

	2013 £000	2012 £000
<i>Depreciation of plant, property and equipment</i>		
- owned assets	965	644
Operating lease charges		
- land & buildings	91	103
<i>Auditor's remuneration</i>		
- audit of these financial statements	57	47

During the year the Company recognised a credit of £600,000 within cost of sales in respect of the reimbursement of costs by VolkerWessels UK Limited following the Company's fulfilment of contractual obligations committed by former management.

5. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows

	2013 No.	2012 No
Management & administrative	38	44
Operational	167	155
	<u>205</u>	<u>199</u>

The aggregate payroll costs of these persons were as follows

	2013 £000	2012 £000
Wages and salaries	8,578	8,919
Social security costs	933	784
Contributions to defined contribution plans	738	405
	<u>10,249</u>	<u>10,108</u>

6. Directors' remuneration

	2013 £000	2012 £000
Directors' emoluments	364	308
Company contributions to money purchase pension plans	57	52
	<u>421</u>	<u>360</u>

The emoluments of the highest paid Director were £194,000 (2012 £169,000) and Company pension contributions of £33,000 (2012 £32,000) were made to a money purchase scheme on his behalf

Retirement benefits are accruing to the following number of Directors under

	2013 No	2012 No
Money purchase schemes	<u>2</u>	<u>2</u>

7. Financial income

	2013 £000	2012 Restated £000
Other interest	<u>12</u>	<u>185</u>

8. Financial expenses

	2013 £000	2012 Restated £000
Net interest on the net defined benefit liability	201	338
Other interest	160	187
Total financial expense	361	525

9. Taxation

a) Analysis of the tax recognised in the income statement

	2013 £000	2012 £000
<i>Current tax expense</i>		
UK corporation tax		
Group relief payable	5	-
Adjustments for prior years	9	997
Current tax expense	14	997
<i>Deferred tax expense (see note 12)</i>		
Origination and reversal of temporary differences – prior year & current year	(8)	60
Reduction in tax rate	194	(37)
Deferred tax expense	186	23
Total tax expense	200	1,020

b) Reconciliation of effective tax rate

	2013 £000	2012 £000
Profit for the year	4	2,316
Total tax expense	200	1,020
Profit excluding taxation	204	3,336
Tax using the UK corporation tax rate of 23 25% (2012 24 5%)	47	817
<i>Effects of</i>		
Non deductible expenses	12	8
R&D tax credit	(52)	(220)
Effect of change in tax rates	194	(37)
(Under)/Over provided in prior years	(1)	452
Total tax expense	200	1,020

c) Tax recognised directly in equity

	2013 £000	2012 £000
Deferred tax (expense)/credit recognised directly in equity	(151)	186

9 Taxation

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

10. Property, plant and equipment

	Land and buildings	Plant, machinery and vehicles	Total
	£000	£000	£000
Cost			
At 1 January 2012 and 31 December 2012	771	2,728	3,499
At 1 January 2013	771	2,728	3,499
Additions	-	193	193
At 31 December 2013	771	2,921	3,692
Depreciation and impairment			
At 1 January 2012	393	917	1,310
Charge for the year	22	622	644
At 31 December 2012	415	1,539	1,954
At 1 January 2013	415	1,539	1,954
Charge for the year	22	943	965
At 31 December 2013	437	2,482	2,919
Net book value			
At 31 December 2013	334	439	773
At 31 December 2012	356	1,189	1,545
At 1 January 2012	378	1,811	2,189

Plant and machinery includes a share of joint operations assets at a cost of £2,372,000 (2012: £2,185,000) and depreciation of £1,965,000 (2012: £1,080,000).

11. Investments

The Company has the following investments in jointly controlled operations

Jointly controlled operations	Principal activities	JCO partner	Address	Company Share %	
				2013	2012
HMB Alliance	Construction	Morgan Sindall Ltd Barhale Construction Ltd	1, 2 & 3	30 0%	30 0%
CVC Highway Solutions	Construction	Cumbrian Industrials Ltd	1 & 4	50 0%	50 0%
VS Marne	Construction	VCI bv	1 & 5	50 0%	50 0%
VSD Avenue	Construction	Deme Environmental Contracts nv Sita Remediation bv	1, 6 & 7	33 3%	33 3%
1	The Lancashire Hub Preston City Park Bluebell Way Preston PR2 5PE	2	Corporation Street Rugby CV21 2DW	3	Bescot Crescent Walsall WS1 4NN
4	Coleridge House Gilwilly Industrial Est Penrith Cumbria CA11 9BN	5	PO box 203 3447 GG Woerden The Netherlands	6	Greenstead House Wood Street East Grinstead RH19 1UZ
7	Postbus 40221 3504 AA Utrecht The Netherlands				

12. Deferred tax assets and liabilities

a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities	
	2013 £000	2012 £000	2013 £000	2012 £000
Property, plant and equipment	70	-	-	(33)
Employee benefits	707	1,114	-	-
R & D Tax credit	52	-	-	-
Losses carried forward	365	399	-	-
Tax assets/(liabilities)	1,194	1,513	-	(33)

12. Deferred tax assets and liabilities (continued)

b) Movement in deferred tax in the year

	1 January 2013 £000	Recognised in income £000	Recognised in equity £000	31 December 2013 £000
Property, plant and equipment	(33)	103	-	70
Employee benefits	1,114	(256)	(151)	707
R & D tax credit	-	52	-	52
Losses carried forward	399	(34)	-	365
Tax assets	1,480	(135)	(151)	1,194

c) Movement in deferred tax in the prior year

	1 January 2012 £000	Recognised in income £000	Recognised in equity £000	31 December 2012 £000
Property, plant and equipment	(258)	225	-	(33)
Employee benefits	1,165	(237)	186	1,114
Provisions	10	(10)	-	-
Losses carried forward	400	(1)	-	399
Tax assets	1,317	(23)	186	1,480

13. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	3,821	3,682
Construction contract debtors	4,360	5,007
Amounts owed by group undertakings	13,141	14,227
Amounts owed by JCOs	-	34
Prepayments	1,404	28
	22,726	22,978
Current	19,885	19,825
Non current	2,841	3,153
	22,726	22,978

Included within construction contract work debtors is £4,360,000 (2012 £5,007,000) expected to be recovered within 12 months

At 31 December 2013, aggregated costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £69,539,000 (2012 £89,280,000)

At 31 December 2013, trade receivables include retentions of £2,841,000 (2012 £3,153,000) for the Company relating to construction contracts in progress

14. Trade and other payables

	2013 £000	2012 £000
Trade payables	10,725	12,498
Amounts owed to group undertakings	6,209	1,318
Amount due to customers for contract work	519	1,191
Other trade payables and accrued expenses	4,682	5,786
	22,135	20,793
Current	21,584	20,149
Non current	551	644
	22,135	20,793

Included within trade payables is £551,000 (2012 £644,000) expected to be settled in over 12 months

15. Employee benefits

a) Defined benefit pension scheme

The Company operates a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgo (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method.

Risks

Through the Scheme, the Company is exposed to a number of risks

- **Asset volatility** the Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however the Scheme invests significantly in equities. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.
- **Changes in bond yields** a decrease in corporate bond yields would increase the Scheme's defined benefit obligation, however this would be partially offset by an increase in the value of the Scheme's bond holdings.
- **Inflation risk** a significant proportion of the Scheme's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the Scheme's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit. However the caps in place limit the potential impact of higher inflation.

15. Employee Benefits (continued)

Risks (continued)

- Life expectancy if Scheme members live longer than expected, the Scheme's benefits will need to be paid for longer, increasing the Scheme's defined benefit obligation

A summary of the plan is as follows

	2013 £000	2012 £000
Defined benefit assets	22,289	20,879
Defined benefit liability	(25,824)	(25,722)
Total employee benefits	(3,535)	(4,843)

Movement in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000
Balance at 1 January	(25,722)	(23,643)	20,879	18,985	(4,843)	(4,658)
Included in profit or loss						
Interest (cost)/income	(1,134)	(1,134)	933	796	(201)	(338)
	(26,856)	(24,777)	21,812	19,781	(5,044)	(4,996)
Included in Consolidated Statement of Comprehensive Income						
Remeasurements (loss)/gain						
Actuarial (loss)/gain arising from						
- Changes in demographic assumptions	226	(1)	-	-	226	(1)
- Changes in financial assumptions	(237)	(1,958)	-	-	(237)	(1,958)
Return on plan assets excluding interest income	-	-	768	1,149	768	1,149
	(11)	(1,959)	768	1,149	757	(810)
Other						
Contributions paid by the employer	-	-	752	963	752	963
Benefits paid	1,043	1,014	(1,043)	(1,014)	-	-
Balance at 31 December	(25,824)	(25,722)	22,289	20,879	(3,535)	(4,843)

15 Employee benefits (continued)

Plan assets

	2013	2012
	£ 000	£000
Cash and cash equivalents	19	111
Equities	8,234	6,774
Government bonds	11,512	11,658
Property	2,524	2,336
Total	22,289	20,879

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2013	2012
	%	%
Discount rate	4.5	4.5
RPI Inflation	3.3	3.1
CPI Inflation	2.3	2.5
CPI inflation linked increases in deferment	2.3	2.5
CPI or 5% pa if less subject to a minimum of 3% pa pension increases	3.2	3.0

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows -

	Male Years	Female Years
Current pensioner aged 65	20.7	23.0
Future retiree upon reaching 65 in 20 years	22.1	24.5

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in the respective assumptions by half a percent.

	Change in assumption	2013 +0.5% £000	2013 -0.5% £000	2012 +0.5% £000	2012 +0.5% £000
Discount Rate	+/- 0.5%	(1,808)	2,066	(1,801)	2,058
Inflation (RPI)	+/- 0.5%	1,549	(1,808)	1,801	(2,066)

15 Employee benefits (continued)

In valuing the liabilities of the pension fund at £25,824,000, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2013 would have increased by £775,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuations and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 1 January 2011. This valuation revealed a funding shortfall of £5.9 million. The Company agreed to pay annual contributions to pay off the deficit of £727,000 pa increasing at 3.4% p.a. for 8 years and 5 months from 1 January 2012.

The Company expects to pay £777,000 to the Scheme during the accounting year beginning 1 January 2014.

b) Defined contribution plans

The Company also operates a number of defined contribution plans. The total expense and creditor outstanding relating to these plans was as follows:

	<i>Note</i>	Pension charges		Creditor outstanding	
		2013	2012	2013	2012
		£000	£000	£000	£000
Company Personal Pension Plan	a	738	405	-	-

Notes

a contributed to by various group undertakings

16. Share capital

	Number of shares 000	Ordinary shares £000
At 31 December 2012 and 2013	8,000	8,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company.

17 Financial instruments

a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date

There is no significant difference between the carrying amount and fair value of any financial instrument for the Company

The carrying amounts of each class of financial assets and financial liabilities is summarised below

	2013	2012
	£000	£000
Trade and other receivables	21,322	22,950
Cash and cash equivalents	14,781	12,961
Total financial assets	36,103	35,911
Trade and other payables (see note 14)	22,135	20,793
Total financial liabilities	22,135	20,793
Net financial instruments	13,968	15,118

17. Financial instruments (continued)

b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, namely cash and cash equivalents and trade and other receivables. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. An analysis of amounts that are past due but not impaired is shown below. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Exposure to credit risk

The carrying amount of trade and other receivables in financial assets represents the maximum credit exposure which was £22,726,000 at 31 December 2013 (2012: £22,978,000) for the Company. The maximum exposure to credit risk for trade receivables at the balance sheet date by business segment and type of customer was as follows:

	2013 £000	2012 £000
Civil Engineering	3,821	3,682
	2013 £000	2012 £000
Public sector customers	2,999	2,890
Private sector customers	822	792
	3,821	3,682

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was as follows:

	2013 Gross £000	Impairment £000	2012 Gross £000	Impairment £000
Not past due	3,468	-	3,494	-
Past due (0-30 days)	169	-	-	-
Past due (31-120 days)	38	-	6	-
More than 120 days	146	-	182	-
	3,821	-	3,682	-

17. Financial instruments (continued)

At 31 December 2013 the Company had £nil impairment provision (2012 £nil) and did not provide against any debts in the year

Impairment losses are recorded into an allowance account unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk exposure arises for the Company principally from trade and other payables, taxation due, and borrowings. The Company monitors working capital and cash flows to ensure liquidity risk is managed. A central treasury function in the UK parent company, VolkerWessels UK Limited, covering all UK subsidiaries ensures bank and intercompany borrowings are maintained at appropriate amounts.

VolkerWessels UK Limited has access to £25 million of committed revolving credit facilities and £12 million of uncommitted overdraft facilities, which are made available to the Company. At the balance sheet date, VolkerWessels UK Limited was not required to draw down on these facilities.

Contractual maturity of financial liabilities

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	Contractual cash flows	1 year or less	Between 1 and 2 years
	£	£	£	£
2013				
Trade and other payables	22,135	22,135	21,584	551
2012				
Trade and other payables	20,793	20,793	20,149	644

d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the values of its holdings of financial instruments. Exposure to foreign exchange risk in the Company is limited to a small number of contracts that are JCO's with our Dutch partners, VolkerConstruction International bv, performed inside the UK, and a small number of non-JCO related contracts where a proportion of purchase invoices are settled in Euros. Where these purchases are deemed to be material to the contract, then the exposure to potential adverse movements in foreign exchange rates are managed through entering into hedging contracts.

Exposure to interest rate risk in the Company is principally on bank and cash deposits, and interest bearing borrowings from its UK parent or one of its Dutch sister companies. The Company does not participate in any interest rate hedge or swap arrangements.

17 Financial instruments (continued)

d) Market risk (continued)

Profile of interest bearing financial instruments

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows

	2013 £000	2012 £000
<i>Variable rate instruments</i>		
Financial assets	14,781	12,961
Financial liabilities	-	-
	14,781	12,961

A change of 100 basis points in interest would either increase or decrease equity by £148,000 (2012 £130,000) for the Company

18. Cash flows from operating activities

	2013 £000	2012 Restated £000
Profit for the year	4	2,316
<i>Adjustments for</i>		
Depreciation	965	644
Financial income	(12)	(185)
Financial expense	361	525
Payments to defined benefit plans	(752)	(963)
Taxation	200	1,020
R&D tax credit	(225)	-
	541	3,357
Decrease in trade and other receivables	252	3,166
Increase/(Decrease) in trade and other payables	1,342	(6,283)
	2,135	240

19 Operating lease commitments

Non cancellable operating lease rentals are payable as follows

	2013 £000	2012 £000
<i>Land and buildings</i>		
Less than one year	92	85
Between one and five years	345	297
	437	382

20 Contingencies

The Company has contingent liabilities in respect of maintenance agreements on completed contracts, and performance bonds and guarantees that have been entered into in the normal course of business

The Company is party to certain legal proceedings arising in the normal course of business. Provisions have been made based on the Directors best estimate of the position of known legal claims, investigations and actions at the year end. The Company takes legal and other third party advice as to the likely outcomes of such actions, and no liability or asset is recognised where the Directors consider, based on that advice, that an action is unlikely to succeed, or where the Company cannot make a sufficiently reliable estimate of the potential obligation or benefit.

The Company, as a result of a VolkerWessels UK Limited group registration for VAT, is jointly and severally liable for the VAT liabilities of other group companies under the group VAT registration. At the accounting date, the Group liability was £10,828,000 (2012 £9,028,000).

The Company is jointly and severally liable for the debts of jointly controlled operations. At the balance sheet date no liability existed. At 31 December 2012 a liability of £105,000 existed, with the Company's share of the liability being £35,000.

21. Related parties

Related party transactions

Transactions between the Company and other related parties including jointly controlled (operations) are noted below.

Compensation of key management

Key management includes the Directors of the Company. The compensation of key management personnel is as follows:

	2013	2012
	£000	£000
Emoluments	364	308
Contributions to money purchase pension plans	57	52
	421	360

21 Related parties (continued)

Related party transactions with intercompany undertakings

Other related party transactions are summarised

	Parent undertaking	Fellow subsidiary undertakings	Total
	£000	£000	£000
Amounts owed by undertaking			
At start of year	3,059	2,523	5,582
Sales/Income	1,043	3,982	5,025
Receipts	(3,505)	(2,606)	(6,111)
At end of year	597	3,899	4,496
Loans owed by undertaking			
At start of year	6,000	2,645	8,645
Draw downs	-	-	-
Repayments	-	-	-
At end of year	6,000	2,645	8,645
Amounts owed to undertaking			
At start of year	-	1,318	1,318
Expenses	-	17,460	17,460
Payments	-	(12,569)	(12,569)
At end of year	-	6,209	6,209

Included in parent undertaking sales/income is £600,000 in respect of the reimbursement of costs by VolkerWessels UK Limited following the Company's fulfilment of contractual obligations committed by former management

22. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of VolkerStevin Group Limited which is incorporated in the UK. The smallest group in which the results of the Company are consolidated is that headed by VolkerStevin Group Limited, the largest UK group in which the results of the Company are consolidated is that headed by VolkerWessels UK Limited. Both VolkerStevin Group Limited and VolkerWessels UK Limited are incorporated in England. Copies of their consolidated financial statements may be obtained from its registered office Hertford Road, Hoddesdon, Hertfordshire, EN11 9BX.

The results of the Company are included in the consolidated financial statements of both Royal VolkerWessels Stevin N.V. and its ultimate parent company Storm Investments B.V. These companies are incorporated in the Netherlands. Copies of the published consolidated financial statements may be obtained from its Amersfoort office Podium 9, 3826 PA Amersfoort, P.O. Box 2767, 3800 GJ Amersfoort, The Netherlands.

23. Accounting estimates and judgements

Accounting estimates are based on historical experience and various other assumptions that management and the Board of Directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

Areas requiring estimates that may significantly impact on the Company's earnings and financial position are as follows:

(a) Revenue recognition

The Company uses the percentage-of-completion method to determine the appropriate amount to recognise in a given year. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 15.