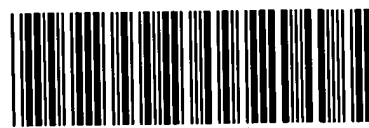


---

**VolkerStevin Limited**  
**Registered number: 00288392**  
**Annual Report and Financial Statements**  
**for the year ended 31 December 2022**

---

FRIDAY



\*AC8PD7WW\*

A03

28/07/2023

#3

COMPANIES HOUSE

---

# **VolkerStevin Limited**

## **Contents**

---

	<b>Page</b>
Company Information	1
Strategic Report	2
Directors' Report	16
Directors' Responsibilities Statement	17
Independent Auditor's Report to the Members of VolkerStevin Limited	18
Income Statement	21
Statement of Comprehensive Income	22
Statement of Financial Position	23
Statement of Changes in Equity	24
Cash Flow Statement	25
Notes to the Financial Statements	26

---

## **VolkerStevin Limited Company Information**

---

### **Directors**

JA Cox (Managing Director)  
NA Connell  
NJ O'Keeffe  
AR Robertson  
JM Suckling  
MG Woods  
VolkerWessels UK Limited

### **Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ  
United Kingdom

### **Registered Office**

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

### **Registered Number**

00288392

### **Regional Offices**

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

White Lund Trading Estate  
Morecambe  
Lancashire  
LA3 3BY

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

Unit 26/27 Bakers Yard  
Christon Road, Gosford  
Newcastle upon Tyne  
NE3 1XD

### **Principal Bankers**

Royal Bank of Scotland plc  
135 Bishopsgate  
London  
EC2M 3UR

BNP Paribas Fortis  
10 Harewood Avenue  
London  
NW1 6AA

HSBC UK Bank plc  
1 Centenary Square  
Birmingham  
B1 1HQ

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

#### Principal activities

VolkerStevin Limited (the "Company") is a national engineering services provider with its core activities focused on civil engineering. It provides complex engineering solutions through three principal sector-led business streams: Marine and Defence, Water and Environment and Energy.

#### Business review

The financial highlights and key performance indicators of the Company are as follows:

#### Financial key performance indicators

	2022 £000	2021 £000
Revenue	166,828	140,494
Gross profit/(loss)	6,219	(9,154)
Gross profit/(loss) margin	3.7%	(6.5)%
Operating loss	(1,498)	(10,806)
Operating loss margin	(0.9)%	(7.7)%
Loss before tax	(1,400)	(11,106)
Loss before tax margin	(0.8)%	(7.9)%
Cash and cash equivalents	27,576	32,036
Net assets	9,611	13,270
Forward Secured order book <sup>1</sup>	293,773	242,638

#### Non-financial key performance indicators

	2022	2021
<b>Health and wellbeing</b>		
Safety	Accident frequency rate (AFR) <sup>2</sup>	
	0.04	0.08
<b>Natural environment</b>		
Raw material	Waste diverted from landfill (percentage)	
	100.0	98.8
CO <sub>2</sub> emissions (scope 1 & 2)	Carbon dioxide footprint in kilotons (tonnes/million revenue) <sup>3</sup>	
	19.3	35.1
<b>People and culture</b>		
Employee engagement	Employee survey score across 4 key engagement metrics (percentage)	
	80	85

#### Footnotes

<sup>1</sup> Forward secured order book is calculated by taking the value of future secured work, where the relevant contract or letter of intent has been received, the terms are agreed and the contract has been executed or will in all certainty be executed by both parties.

<sup>2</sup> The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) excluding dangerous occurrences are used in the Accident Frequency Rate (AFR) calculation. The AFR is the most commonly used measure for benchmarking safety performance in the UK. Accident Frequency Rate (AFR) = (number of RIDDOR reportable injuries + total work hours) x 100,000.

<sup>3</sup> Our carbon emissions intensity metric has been amended to include those emission sources that align with the requirements of the Streamlined Energy and Carbon Reporting guidance. This includes natural gas, petrol, diesel, mileage, gas oil, burning oil, electricity, air travel and train travel.

# **VolkerStevin Limited**

## **Strategic Report**

### **for the year ended 31 December 2022**

---

#### **Operational review**

Paramount to our operations are our people and their health and safety. Throughout the pandemic we complied with government guidelines, ensuring that the wide variety of tasks that are undertaken on a daily basis were modified as required to accord with the guidance as it evolved. In addition, the business provided support to all its employees to ensure they could continue to work either on site or remotely, with those whose roles permit them to, working from home as and when appropriate. For colleagues in key operational roles, we ensured that strict safety requirements, hygiene education, appropriate personal protective equipment and social distancing measures were implemented. We also took steps to protect our colleagues who were considered the most vulnerable across the business.

Trading conditions in the UK remained challenging throughout 2022, partly due to market volatility induced by Russia's invasion of Ukraine which resulted in an unprecedented increase in energy prices, particularly in Europe. Despite not importing much Russian oil and gas directly, energy bills in the UK soared due to reductions in global supply. In turn, this led to an increase in the cost of construction materials, particularly those produced in an energy-intensive manner such as cement, concrete and steel. The construction sector has also experienced issues with labour supply caused by workforce demographics, Brexit and the pandemic which have reduced access to EU workers.

The Government's 2021 spending review set out plans for £3,234 billion of spend across 2022/23 to 2024/25. In addition, the Autumn Statement in November 2022 recommitted to £600 billion of capital spending on construction and infrastructure over the next five years, including Northern Powerhouse Rail, HS2 and Sizewell C. Elsewhere, the Statement also confirmed the second round of the Levelling Up Fund worth £1.7bn, with winning bids announced in early 2023. However, with infrastructure construction inflation running at around 10%, the annual spend in the next couple of years will not deliver the volume of growth-boosting outcomes expected by 2024/25. Whilst subject to a Comprehensive Spending Review (CSR), expenditure beyond 2024-25 is much less certain and spending on capital projects could, in real terms, be £15 billion a year less by 2027-28 compared to peak spending in 2024/25.

The National Infrastructure Strategy published in 2020 continues to underpin the Government's infrastructure agenda based around three central objectives: economic recovery, levelling up and unleashing the potential of the Union, and meeting the UK's net zero emissions target by 2050. These objectives are supported by the UK Infrastructure Bank which seeks to catalyse private investment in projects across the UK, providing £22 billion of infrastructure finance. This provides some comfort to the construction industry; however, the speed of decision making to bring specific project investment forward does not yet appear to be in line with these aspirations in all cases. Our local authority client budgets have remained challenging due to the conflicting demands on the public purse. For further discussion on the risks associated with geopolitical instability and other impacts including inflation and labour shortages, see the risk management section of this strategic report.

#### **Summary**

In this context, VolkerStevin Limited has continued to deliver projects on site, working for its clients to deliver in challenging circumstances. Health and safety remains at the forefront of our activities and we continually strive to prevent work related injuries and ill-health. Our behavioural change programme 'Safety Ripple' represents the 'ripple' effect of reaching out to all of our employees, putting safety decision making in their hands and making sure everybody takes responsibility. As well as Safety Ripple, we task our engineers and construction professionals with coming up with better and safer ways of building infrastructure and integrating it with the environment. This includes routinely exploring offsite construction opportunities, using 3D and 4D models as part of a safe by design approach. We also place great support on the mental wellbeing of our people, with our network of mental health champions who can signpost colleagues to obtain the necessary support.

We have drawn lessons from our award-winning Safety Ripple programme to develop 'Quality Ripple', an equivalent programme which drives a positive, inclusive and future focussed approach to quality. Quality Ripple has three main objectives: to create a positive quality culture, improve consistency and reduce errors.

A number of issues on key projects have continued to contribute to an overall loss for the year. With strong support from the VolkerWessels UK Group, VolkerStevin's core quality engineering focus underpinned by its strong delivery teams is again coming to the fore and there are clear signs of a return to a position of strength in the future. Known for its strong capability in marine civil engineering, defence, flood risk management and other complimentary skills in the water, energy and environment sectors, VolkerStevin has a long and positive history of providing innovative solutions and working in partnership with clients.

Revenue for the year was £166.8m (2021: £140.5m), an increase of £26.3m (18.7%). At a gross level there was a profit of £6.2m, 3.7% (2021: loss of £9.2m, -6.5%). Whilst revenue increased, the loss for the year was mainly caused by weather-related delays on an isolated onerous marine project and the finalisation of a settlement to close out several historic water framework projects. This has resulted in an increase in staff headcount to deliver and close out these projects. Despite these challenges most areas of the business have performed well, in particular within the Flood & Coastal/Environment sector and the Defence Sector.

Our aim is to focus on high quality operational delivery, adding value for clients by delivering with certainty, and to continue to develop relationships with our experienced long-term partners. After overheads, we have reported an operating loss of £1.5m, -0.9% (2021: operating loss of £10.8m, -7.7%).

The Directors made changes to the management and operational structure in 2021 which have supported the business in its recovery after two very challenging years, and enabled it to continue delivery of its long-term business strategy. This has focussed on ensuring that the risk profile of work taken on is reduced and that the business focusses on delivering work within its core skill set favouring cash backed profit over volumes.

In early 2022 we implemented our business improvement programme called "The VolkerStevin Way" where our vision is "to deliver with certainty". Our staff participated in a series of workshops which introduced them to the practical nature of the programme and focused on embedding the programme into our day-to-day roles and activities.

In order to create a stronger more streamlined VolkerStevin group of companies, it was decided to reduce the number of entities within the group to one main operating company and one main specialist business company. At the end of 2021 the first part of this restructure was completed and our two specialist businesses, VolkerGround Engineering and VolkerBrooks (now rebranded VolkerMarine Services and VolkerSite Services), merged into one entity called VolkerStevin Specialist Businesses Limited. As part of this transaction, staff employed by VolkerStevin Specialist Businesses Limited were transferred to VolkerStevin Limited.

# **VolkerStevin Limited**

## **Strategic Report**

### **for the year ended 31 December 2022**

---

#### **Operational review (continued)**

At the end of 2022, the businesses of VolkerStevin Limited and VolkerInfra Limited were combined into a single entity to deliver the services that they both provide. This was effected by VolkerStevin Infrastructure Limited (formerly known as VolkerStevin Group Limited) acquiring the assets and business of both VolkerStevin and VolkerInfra and this transaction is due to take effect from the beginning of 2023. Therefore, as from 1 January 2023, the business of both VolkerStevin and VolkerInfra will be conducted out of the new main contracting company within our group, VolkerStevin Infrastructure Limited. We will continue to trade as VolkerStevin or VolkerInfra in our established markets. Both VolkerStevin Infrastructure Limited and VolkerStevin Specialist Businesses Limited are owned by VolkerStevin Holding Limited, a group holding company which was created in December 2020 in preparation for this restructuring, and which received an equity investment of more than £20m around the same time.

Cash remains strong, despite the impact of the continued challenges of 2022, with cash and cash equivalents reported at £27.6m (2021: £32.0m). Net Assets have reduced slightly to £9.6m (2021: £13.3m).

#### **Marine**

VolkerStevin is widely regarded as one of the UK's leading maritime infrastructure providers and undertakes a full range of marine engineering works including, port and harbour infrastructure, jetties, marinas, marine piling, quay walls, linkspans, and floating structures.

During 2022, we have maintained a strong position in our dealings with port operators through the delivery of several high-profile projects. Our appointment to the Crown Commercial Service (CCS) Construction Works and Associated Services Framework (under Lot 8 - Maritime) was an important step for VolkerStevin. This national Capital works framework is available to all public sector bodies in the UK and the Defence Infrastructure Organisation (DIO) is using this framework as one of its preferred routes to market.

Projects undertaken in the year included progressing works on two major contracts constructing new jetties and associated facilities in Scotland and the South West, as well as delivering key infrastructure upgrades for Peel Ports in the North West. We also supported VolkerFitzpatrick's Align JV on HS2 with the construction of four temporary jetties to facilitate construction of the permanent viaduct. Each jetty comprises a double carriageway, a two-direction walkway, service passages and storage areas with an approximate length of 990m.

The March 2021 Budget announcement of eight Freeports was welcomed by VolkerStevin. The Freeport model in England includes a comprehensive package of measures, comprising tax reliefs, customs, business rates retention, planning, regeneration, innovation and trade and investment support. We expect to see continued infrastructure investment at a number of these locations after full business cases have been approved.

We have continued to provide early contractor involvement (ECI) for Sunderland City Council's new 'smart bridge' which will connect both sides of the River Wear close to the Stadium of Light. This contract was awarded via the North East Procurement Organisation's Civil Engineering and Infrastructure framework and we expect to see the project move into construction in 2023.

#### **Defence**

VolkerStevin is a strategic supplier to the Ministry of Defence (MoD) in the provision of specialist support to maintain, enhance and renew the UK's critical defence infrastructure, including maritime assets, both in the UK and overseas. Our relationship with the Defence Infrastructure Organisation (DIO) continues to develop and mature, particularly with the Royal Navy, and our portfolio of work is seeing steady growth.

Projects undertaken in the year include marine works under the ten year Clyde Commercial Framework for the DIO / Royal Navy and those associated with the redevelopment of HMNB Devonport. We have also been involved in a number of schemes in an ECI capacity that should lead to secured orders in 2023 and beyond.

We are also looking to broaden our portfolio of work in the defence sector, in our own right, in collaboration with other parts of VolkerWessels UK and with external partners with our focus being on the delivery of capital schemes.

Overall, we expect this market to continue to provide a stable pipeline of opportunities from which we are able to be selective and adopt a targeted approach with the customers and projects we pursue. With our current and identified mix of work well balanced between major projects and long-term frameworks, we are well positioned for sustainable growth in this sector.

#### **Water**

VolkerStevin's prominence and reputation in the water sector has developed significantly over recent years. We provide a full range of civil engineering and mechanical, electrical, instrumentation, control and automation (MEICA) services for water utility companies. These services include new build, refurbishment and extension works to treatment plants, UIDs and outfalls on a civils-only, civils/MEICA and MEICA-only basis.

We are currently involved with AMP7 working with water companies, including United Utilities where we have our largest framework contract in joint venture with Jacobs as sole delivery partner across parts of the North West of England.

As a regulated sector, spending is largely insulated from external market pressures. Current business plans are still based on 25-year strategies against the certainty of EU Directives. Following our withdrawal from the EU, it is still expected that the UK will choose to parallel most of these EU Directives such as the Water Framework Directive (WFD) but may take the opportunity to de-couple from some of the more onerous and inefficient requirements which could drive advances in innovation and technology to meet the expected quality improvements.

Looking ahead to AMP8 and beyond, we are taking a very selective approach to maintaining our position in this sector.

# **VolkerStevin Limited**

## **Strategic Report**

### **for the year ended 31 December 2022**

---

#### **Operational review (continued)**

##### **Environment**

VolkerStevin is a market leader in flood and coastal risk management (FCRM), working in partnership with key customers including the Environment Agency and local authorities throughout the UK.

We provide a full range of engineering solutions from feasibility through to construction and maintenance, covering sheet pile and reinforced concrete flood walls, earth embankments, river re-alignment, habitat and wetland protection and creation, de-mountable flood protection systems, lock gate installation and refurbishment, hard and soft landscaping and MEICA works.

Following a partnership spanning 20 years with the Environment Agency, we are a sole contractor under its Collaborative Delivery Framework (CDF) in two regions, and alongside established joint venture partners on a national Marine and Coastal Framework (MCF) through our VBA Joint Venture Limited sister company. These frameworks focus on collaborative delivery team working, reducing the risk of river and coastal flooding, as well as delivering social and environmental improvements across England. This framework has recently been extended by a further four years to 2027.

We are also completing the first frontage on our seven year, six phase Southsea Coastal Defence Framework for Coastal Partners and Portsmouth City Council, and are about to commence ECI works with Blackpool Borough Coastal for a significant programme of coastal protection works.

Our wide range of engineering skills and business capabilities have been applied to the challenge of the reclamation, remediation and regeneration of derelict and contaminated land to create sustainable communities, waterside renaissance and flagship regeneration projects. Previous customers in this market include regional development corporations, local authorities, private developers and Homes England.

##### **Directional Drilling**

VolkerTrenchless Solutions (VTS) is an unincorporated Joint Venture formed between VolkerStevin Limited and our Dutch sister company, Visser & Smit Hanab, to deliver Horizontal Directional Drilling (HDD) projects. VTS has a proven track record in delivering complex HDD projects associated with energy and utilities infrastructure in the UK.

We have been awarded a framework with the Strategic Pipeline Alliance for the delivery of HDD crossings for the new potable water pipeline across East Anglia for Anglian Water. Following a period of ECI, physical works on site have now commenced. VTS has also provided ECI support to highly technical HDD aspects of new nuclear build projects.

##### **Secured order book**

The outlook for the Company is positive as it continues to concentrate on its core activities with experienced management in place, backed by a sound financial position following its recapitalisation. The company expects a significant proportion of its turnover to be awarded via its long-term frameworks and will continue to be selective on other market opportunities, managing a balanced pipeline of identified schemes.

At 31 December 2022 the Company has in place a strong pipeline of quality work with a secured order book of £293.8m (2021: £242.6m). This represents an increase of £51.2m in secured work since last year and is in line with our strategy to focus on delivery of profitable and appropriately risk balanced work, rather than focussing on volumes. We take a cautious approach to our order book recognition by only including signed contracts and, for framework contracts, only including work packages agreed with our clients. We continue to focus on profit rather than volume and aim to maintain our unique reputation for quality, sustainability and innovation.

##### **Going Concern**

Looking ahead we must recognise that the impacts of global political events and ensuing economic uncertainty will continue to provide challenges to our business. We have developed comprehensive and flexible contingency plans and continue to deliver on site, adapting to the requirements of emerging market conditions, changes to government legislation and guidance, always focussing on delivering for our clients with the safety and wellbeing of our partners, teams and supply chain as our unerring priority. For further discussion on the risks with regard to business interruption see the Risk Management section of this strategic report.

Given the facilities available from VolkerWessels UK Limited, along with the Company's net current assets position and strength of the forward secured order book, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing the financial statements (see note 2.3 for further details).

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

#### Risk Management

Risk management is one of the key foundations of our governance and we actively identify and manage our risks in all areas across our business and operations. In particular, we work very closely with our clients at both pre and post construction stages to ensure that risks are understood, managed, and clearly apportioned, which is the bedrock of any successful project business. We operate professional and responsible risk management to all financial, commercial, operational, and contractual aspects of the delivery of construction projects and oversight of our Company.

<i>Risk and Impact</i>	<i>Health, safety and quality</i>	<i>Mitigation</i>
<p>We recognise that we have a duty of care for the health, safety, and welfare of our employees and those that may be affected by our activities.</p> <p>The risk is that the nature of our construction activities could cause harm to our employees and other stakeholders through injuries, health implications, damage, and financial loss. This in turn can lead to reputational damage and enforcement action.</p>	<ul style="list-style-type: none"> <li>• Culture, policy, and strategy established by effective leadership.</li> <li>• Clearly defined management systems, registered to ISO.</li> <li>• Interfaces and responsibilities that are understood and accepted by all.</li> <li>• Board level focus on all Health, Safety, Environment and Quality matters.</li> <li>• Behavioural safety programmes, mental health, and well-being programmes.</li> <li>• Corporate governance, inspection, and audit.</li> </ul>	

<i>Risk and Impact</i>	<i>People, culture and values</i>	<i>Mitigation</i>
<p>Our success is dependent on the recruitment, development, wellbeing, and retention of our exceptional people who share our core values and culture.</p> <p>The risk is that we are unable to recruit or retain adequate high-quality resources to deliver our programmes.</p>	<ul style="list-style-type: none"> <li>• Board level focus on all people matters to ensure a diverse and inclusive culture underpinned by a focussed sub-committee for People and an Equality, Diversity &amp; Inclusion (EDI) steering group.</li> <li>• Delivery of the 'OurVolkerVessels' People Plan, designed to focus on attraction, reward, development and working culture.</li> <li>• Ongoing development and implementation of the Group EDI Strategy.</li> <li>• Succession planning to ensure strong talent pipeline.</li> <li>• Investment in learning and development from early careers through to senior management development.</li> <li>• Productive working culture, embracing technology and agile working practices, to maintain high levels of employee engagement.</li> <li>• Robust and effective process management using integrated systems and digital solutions.</li> <li>• Ensure our core values and culture are reflected in partner and supply chain selection.</li> </ul>	

<i>Risk and Impact</i>	<i>Pre-construction</i>	<i>Mitigation</i>
<p>It is our vision to lead the industry in our approach to project risk management which starts at the pre-construction stage.</p> <p>To maintain high standards at pre-construction stage, it is important not to overstretch our tendering teams to maintain quality, so bid selection is vital.</p> <p>Failure to identify, estimate and manage accurately the key risks associated with the project deliverables, programme, price including the impact of inflation, and the contractual terms could result in financial losses.</p>	<ul style="list-style-type: none"> <li>• Third party advice is obtained around new and emerging markets.</li> <li>• Through a Group forum, we aim to identify early the clients and projects we wish to be involved with, including the likely terms of engagement.</li> <li>• Listening to our clients to meet and exceed their expectations in all areas including clear risk identification and allocation.</li> <li>• Defined delegated authority levels for approving all tenders.</li> <li>• Focused, risk-based approach to tendering with margin and allowances commensurate with risk.</li> <li>• Systematic divisional and central reviews and challenge of the quality and accuracy of our risk assumptions, tender submissions, and pricing, including allowances for inflation.</li> <li>• Forum group reviewing current risk processes and implementing additional/improved controls and advice where required.</li> <li>• Ensuring lessons learnt applied through tender review processes.</li> <li>• Regular market analysis carried out to provide insight into inflation/other risk including materials, supply chain and transportation costs.</li> </ul>	

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

#### Risk Management (continued)

<i>Risk and Impact</i>	<i>Engineering and operational delivery</i>	<i>Mitigation</i>
<p>Successful delivery of our complex engineering and construction projects is dependent on the effective implementation and maintenance of operational and commercial procedures and controls.</p> <p>Failure to deliver projects on time, budget and to an appropriate quality could result in contract disputes and cost overruns which in turn will impact our profitability and reputation.</p>	<ul style="list-style-type: none"> <li>• Our operations board brings together all of our key operational senior leaders and focuses on sharing best practise across all our engineering and operations teams, driving the implementation of and continuous improvement to, digital site based solutions, quality design, planning, project delivery and programme management.</li> <li>• Recruitment and retention of capable people and supply chain.</li> <li>• Procure quality components through sustainable and ethical sourcing.</li> <li>• Deliver projects that demonstrate excellence in design and construction.</li> <li>• Ensure high quality standards through audit and application of lessons learnt.</li> </ul>	

<i>Risk and Impact</i>	<i>Environmental</i>	<i>Mitigation</i>
<p>We are aware that construction has a significant effect on the environment and the communities in which we work. Adverse impacts on the environment and breaches of legislation can lead to environmental harm, reputational damage, and enforcement action.</p> <p>We take our responsibility seriously in respect of limiting the environmental impact of the work we do, and, whilst we consider the impact minimal in the context of our business, this includes any potential impact on climate change.</p> <p>We assess the environmental aspects of our activities, products, and services that we can control and those that it can influence, and their associated impacts, considering a life cycle perspective. The Group recognises the importance of mitigating our adverse impacts on the environment. An environmental condition that can affect the organisation's activities, products and services can include, for example, climatic temperature change.</p>	<ul style="list-style-type: none"> <li>• Our sustainability strategy based on the key themes of People - Planet - Purpose sets out our approach. This is underpinned by our corporate responsibility framework and sustainability goals facilitating our responsible attitude towards playing our part in protecting the ecosystems in which we work and wherever possible enhancing the environment in which we work and live.</li> <li>• ISO 14001 compliant environmental management system which assesses environmental conditions which may affect our activities at both fixed offices and our construction projects.</li> <li>• Board level focus on all environmental matters including monitoring of environmental KPIs such as carbon footprint, energy consumption and waste.</li> <li>• Interfaces and responsibilities that are understood and accepted by all, supported by behavioural programmes, inspection, and audit.</li> <li>• Carbon reduction strategy committing the company to be net zero by 2035.</li> </ul>	

<i>Risk and Impact</i>	<i>Systems and processes</i>	<i>Mitigation</i>
<p>We are dependent on the quality of our processes, controls, and systems as well as the continued availability and integrity of IT systems to record and process data.</p> <p>Failure to control, manage and invest in our systems and processes including the IT environment will result in us not meeting the future needs of the business in terms of expected growth, security and innovation.</p> <p>IT system failure arising from new system integration and/or implementation could result in lack of access to critical data.</p> <p>An attack on our systems and/or networks, to expose, alter, disable, destroy, steal, or gain unauthorised access to or make unauthorised use of an asset could result in lack of access to critical data, operational disruption, adverse media coverage and loss of trust, fines/regulatory sanctions and third-party liability/class actions.</p>	<ul style="list-style-type: none"> <li>• Continue investing in systems and processes that enable efficient and effective operations.</li> <li>• Clearly defined management systems, interfaces and responsibilities that are understood and accepted by all.</li> <li>• Monitor and control all aspects of IT systems access and performance.</li> <li>• Appropriate contingency plans to mitigate risk of systems loss.</li> <li>• New systems are only deployed after full testing.</li> <li>• Regular review and testing of data security controls.</li> <li>• Established cyber programme with robust security arrangements and active monitoring.</li> <li>• Proactive monitoring of networks and systems by third party security partner through log ingestion to a SIEM/SOC</li> <li>• Regular Penetration testing, vulnerability remediation and legacy technology reduction reduces likelihood of successful attacks.</li> <li>• Ensure any adopted joint venture partners' systems are fit for purpose and conform with the above.</li> <li>• Processes are in place to assess the Information Security and Architectural design from third party suppliers that store and process our data such as SaaS solutions.</li> </ul>	

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

#### Risk management (continued)

<i>Risk and Impact</i>	<i>Adequacy of insurance</i>	<i>Mitigation</i>
Failure to understand the terms of our insurance could lead to inadequate insurance cover.	<ul style="list-style-type: none"><li>• Suitable arrangements exist to underpin and support the operations and services.</li><li>• A simplified schedule of our insurances is distributed within the business.</li><li>• Regular review of our position with our broker and insurers to ensure that the optimum cover including terms is in place.</li><li>• Regular broker reports and meetings are in place to review notices, claims and trends.</li></ul>	
Lack of adequate insurance could result in inability to tender work, potential uninsured events and/or inadequate cover, resulting in financial loss or penalties.		
<i>Risk and Impact</i>	<i>Financial risk</i>	<i>Mitigation</i>
It is essential to fully understand the financial position of our partners in all of our contractual relationships.	<ul style="list-style-type: none"><li>• Due diligence including credit reviews of our clients, partners, supply chain and other stakeholders.</li><li>• Ensure credit where appropriate to do so.</li><li>• Procedures to monitor and forecast cash flow.</li><li>• Committed credit facilities to ensure we have adequate cash when required.</li></ul>	
Failure of our partners including financial institutions, customers, joint-venture partners and our supply chain could potentially affect short-term cash flows.		
<i>Risk and Impact</i>	<i>Fraud</i>	<i>Mitigation</i>
Damage to the reputation of the business through poor conduct and acts of fraud, bribery, corruption, or anticompetitive behaviour can all adversely impact corporate reputation and financial loss.	<ul style="list-style-type: none"><li>• Integrity Policy covers all aspects of ethical behaviour ensuring that all of our employees and supply chain are open and honest, our business ethically and morally strong and each of us is accountable.</li><li>• Zero tolerance attitude towards fraud and unethical behaviour which is reiterated in our policies, training, and communications re integrity.</li><li>• Compliance Officer reporting directly to the Board.</li><li>• Specific measures and controls in place to prevent unethical behaviour which are reviewed regularly by the Board.</li><li>• Integrity clearly stated as one of our core values.</li><li>• Compulsory training programmes for all different levels of the organisation.</li><li>• Clear reporting mechanisms in place for individuals to report any suspected unethical behaviour.</li></ul>	
<i>Risk and Impact</i>	<i>Political, market and economic risk</i>	<i>Mitigation</i>
Political, market and economic factors play a significant part in investment decision making for our clients as well as pricing and availability of our supply chain and other partners.	<ul style="list-style-type: none"><li>• Regular reviews to ensure that we are not overly exposed to any one aspect of market risk and appropriately responding to changes in legislation and policy.</li><li>• Actively engage with our supply chain and clients to ensure that price changes reflect market movements and form part of ongoing contract negotiations.</li><li>• Actively engage with our industry peers, financial partners, clients, and supply chain to ensure that we are aware of, and anticipating, changes in our market sectors, the wider UK economy, and the global marketplace.</li><li>• The UK Board actively monitors the ongoing impact of the UK exiting the EU and the wider global impact around the covid pandemic and the Ukraine war, any market stimulation by the UK government, freedom of movement of labour, the impact on the supply chain and commodity prices and will adapt the strategy as necessary.</li></ul>	
Failure to recover cost price increase from clients could impact the profitability and cash flow of the business.		
Changes in the economic environment, government policy and regulatory developments may impact on the number of new projects in the market, and the cost of delivering those projects, which in turn may impact on the profitability and cash flow of the business. The decision to leave the European Union has resulted in a period of uncertainty for the UK economy and has contributed to an increase in the cost and scarcity of materials and labour.		

**VolkerStevin Limited**  
**Strategic Report**  
**for the year ended 31 December 2022**

---

**Risk management (continued)**

<i>Risk and Impact</i>	<i>Business interruption</i>	<i>Mitigation</i>
<p>The global pandemic, including the risk of new and virulent variants could continue to have the potential to disrupt business continuity either because of illness of employees or our supply chain, or isolation to avoid illness. This could result in forced shut down of work sites for a prolonged period of time.</p> <p>Further examples such as a war can dramatically impact the availability of labour, goods and services causing hyperinflation and, in the extreme, resulting in suspension of operations with financial losses.</p>	<ul style="list-style-type: none"> <li>• The health of our people is paramount, and we have developed procedures in line with government recommendations to limit the spread of infection. We ensure that all appropriate measures are taken to safeguard the workforce whether on site or in offices.</li> <li>• Business continuity measures and tracking in place to react and adjust to any event which may disrupt the ordinary course of business.</li> <li>• Technology enabled people with numerous remote working options to enable core support to continue during any enforced shutdown.</li> <li>• Enter dialogue with clients to ensure a minimum of disruption and reduction to revenues and cost mitigation.</li> <li>• Review options for government support and apply where relevant to enable business continuity and maintaining workforce when activity has reduced or in some cases ceased.</li> <li>• Good cash balances and measures in place to manage short term cash flow challenges through work site closures and corresponding reduction of revenues.</li> <li>• Ensure appropriate contractual mechanisms in place to mitigate and limit the risk of failures and funding issues associated with war, pandemic, and force majeure events.</li> <li>• A strategic and agile approach to procurement including use of trusted supply chain, advance purchasing and vesting and central tracking of market volatility.</li> </ul>	
<i>Risk and Impact</i>	<i>Security/terrorist threat</i>	<i>Mitigation</i>
<p>Protestor action, terrorist attack affecting our sites or break-ins could result in significant injury/loss of life, adverse media coverage, operational disruption and significant impact on revenue and costs.</p>	<ul style="list-style-type: none"> <li>• Business continuity measures in place to react and adjust to any event which may disrupt the ordinary course of business.</li> <li>• Insurance is in place in respect of damage.</li> <li>• Close collaborations with clients (who usually hold protestor risk in construction contracts).</li> </ul>	

We have reviewed the above risks, considered the potential impacts and on balance, believe that we have sufficient mitigations in place.

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

---

#### Section 172(1) statement

This statement has been prepared solely to provide information to assess how the Directors ("Board") have performed their duty to promote the success of the Company. Any forward-looking statements are made in good faith, based on the information available up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Board continues to take account of the impact of its decisions on all our stakeholders, who include our customers, supply chain, partners, employees, industry bodies, local community, and shareholders. We continue to ensure that the health, safety and wellbeing of our people and stakeholders remains central to everything we do.

The Directors have acted in good faith and in a way that is most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term
- (b) the interests of the company's employees
- (c) the need to foster the company's business relationships with suppliers, customers, and others
- (d) the impact of the company's operations on the community and the environment
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act as between members of the Company

In the following section, we detail our key stakeholders, how the Directors have engaged with them, and how that engagement has influenced the decision making of the Board:

#### Clients

---

##### Introduction

We invest considerable time and effort to understand our clients' exacting needs to ensure full alignment with our service offering, and that we deliver with certainty on our commitments. We do this by effectively managing expectations and putting quality and customer satisfaction at the forefront of everything we do.

We are collaborative to the core and have a careful and measured approach to taking on new client work, which enables us to optimise high-calibre resources and bring our best to all our projects creating long-term sustainable solutions.

##### *How we engaged:*

Monthly business review meetings provide a forum for the Board to understand and challenge business leadership on areas such as customer engagement and satisfaction, operational and commercial performance, and customer initiatives.

Market outlook is a standing item on the agenda for each of these meetings and the Board regularly assesses the impact of external factors on long-term business strategy and engagement with our clients.

The Directors regularly meet with key client stakeholders and ensure that teams work in partnership with common goals and objectives. Coordination of client interactions is especially important where clients are common to more than one of our business lines.

##### *Outcomes and actions, we took:*

We develop longstanding and professional relationships with our clients at every level of the organisation.

We are careful to ensure our sites are established with high standards that reflect positively on our clients. We routinely measure this through our Considerate Constructors Scheme scores which have been consistently high across the business.

Our behavioural safety programmes, environmental, social and governance (ESG) strategies and our approach to EDI enables us to deliver a wider range of benefits for and with our clients. Each business develops a five-year strategic plan setting out its proposed sector focus and client base.

**VolkerStevin Limited**  
**Strategic Report**  
**for the year ended 31 December 2022**

---

---

**Supply Chain and Joint Venture Partners**

---

**Introduction:**

Our supply chain and joint venture partners form an integral part of our commitment to offering our clients a quality service. We establish mutually rewarding, ongoing 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.

**How We Engaged:**

We hold business to business meetings with our largest suppliers and subcontractors prior to the start of a project and periodically as needed throughout every project.

We seek feedback from our supply chain during these and many other meetings and supplier days underpinned by our annual '360' survey.

We have regular relationship management meetings with our most important supply chain as part of our strategy to engage with and support our supply chain. These may be annually, half yearly or more often to suit mutual business needs.

We also host several supplier events and specialist workshops with suppliers.

**Outcomes and actions, we took from our engagement:**

In 2022 we continued to use the Enterprise Resource Planning system to improve exchanges of information within our supply chain.

We are compliant with the Prompt Payment Code and have made significant strides towards reducing our payment times for small and micro enterprises.

We prioritise and receive support from our most important supply chain to ensure that we get the best outcome at preconstruction stage, building a foundation for an excellent outcome on the project. Support can include competitive pricing, qualitative method statements, process planning, site staffing, material specification recommendations, and new ways of working. This advice will sit alongside overarching health and safety and sustainability planning where we work together on a 'business to business' basis.

**Key Performance Indicators and other relevant statistics:**

- Supplier payment performance for the year showed that the average time to pay an invoice was 27 days and 84% of invoices were paid within the agreed terms with suppliers
- 96% of invoices were paid within 60 days

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

---

#### Employees

---

##### *Introduction:*

At VolkerWessels UK, we are proud of our people and their commitment to consistently delivering excellence for our clients. We strive to create a balanced and sustainable business to the benefit of all stakeholders. We have established a people first business, and we promote a 'can-do' culture. We believe our people and our business are collaborative to the core, always authentic, naturally nurturing, distinctly dependable and open for originality.

At the top of the agenda on every meeting is safety, as the health, safety and wellbeing of our people is our top priority.

##### *How We Engaged:*

We measure the engagement of our people through a group-wide survey, which has shown improvement in 2022, as well as more targeted employee surveys on specific issues such as the wellbeing of our teams. We also undertook specific focus groups to obtain feedback on our renewed people strategy that was published in 2022.

Well established behavioural programmes have enabled our workforce, employees, and supply chain to actively engage in maintaining a safe working environment; introducing a range of proactive and preventive improvements to how we conduct our operations.

Maintaining the mental and physical health of employees is the cornerstone of our occupational health strategy. We have a range of additional support for both physical and mental wellbeing delivered through a directly employed occupational health team. We have 200 mental health champions providing direction and signposting guidance to anyone working on our behalf.

We launched our refreshed EDI strategy in April 2022 which outlines 8 areas of focus for the business including recruitment and retention, operational engagement, education, and supply chain. The strategy is executed through a Senior Leader led Steering Group and pan company Focus Groups for each of the workstreams. The company also has a network of 100 strong EDI Champions throughout our business.

We continue to review employee performance on a regular basis and agree individual development plans for all staff. We offer a range of development programmes at all levels of the organisation to support the development of our teams and the growth of our business leaders for the future.

##### *Outcomes and actions, we took from our engagement:*

The employee engagement survey in 2022 showed the team remained very engaged with a higher than industry average response, and higher engagement levels overall.

We launched our renewed people strategy in 2022, putting in place a series of employee focussed information hubs under the OurVolkerWessels People Plan, included access to a number of branded solutions such as an employee portal for benefits and career paths for key job families.

We continue to develop new ways of working, focusing on communication, including targeted staff surveys to understand the engagement and wellbeing of our employees, as well as supporting our hybrid working arrangements, which have had a positive impact, particularly for office-based employees. The Board actively focuses on attracting and retaining a diverse population at all levels. Periodic, regular performance reviews are performed to ensure we develop and upskill our employees to their full potential. The Board also reviews and monitors remuneration to ensure a fair approach is adopted across the Group.

Through the refreshed EDI strategy, we created eight key areas of focus for the business with progress updates provided through to the People Committee on a quarterly basis. We continue to support our network of 100+ cross-business EDI champions to support and challenge behaviours and lead, both locally and nationally, and created quarterly awareness campaigns to raise awareness of selected protected characteristics. In 2022 these were race, disability, LGBTQ+ and age. These campaigns included EDI roundtables, facilitated by our senior leadership team, which are open to all.

We have an established network of universities, with whom we work in partnership and can offer industrial training placements (ITPs) to their students to support them as they work towards their degree as well as apprenticeships at many different levels.

We work closely with industry based educational organisations such as the Chartered Institute of Building (CIOB), the Royal Institute of Chartered Surveyors (RICS), and the Institute of Civil Engineers (ICE) to help our people achieve professional accreditation in their chosen discipline.

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

---

#### **Key Performance Indicators and other relevant statistics:**

##### *Employee engagement, diversity, and inclusion*

- Employee engagement score of 80% across four key engagement metrics (2021: 77%)
- In the 2022 National Centre for Diversity awards, VolkerWessels UK was named as both Engineering Company of the Year and Large Company of the Year, and ranked 15<sup>th</sup> in the listing of most inclusive companies across all industries
- VolkerWessels UK delivered EDI awareness training to over 950 employees during 2022 and Inclusive Leadership training to over 20 leaders across the Group

##### *Investment in training and development*

- We currently employ 93 graduates and 212 apprentices across the VolkerWessels UK Group.
- In 2022 employees across the VolkerWessels UK Group attended 7,931 days of formal training courses

##### *Health and safety*

- Accident Incidence Rate (AIR)<sup>1</sup> of 105 (2021: 192)
- Close Call Frequency Rate (CCF)<sup>2</sup> of 228.85 (2021: 212.10)
- Lost Time Frequency Rate<sup>3</sup> of 0.08 (2021: 0.15)
- Minor Injury Frequency Rate (IFR)<sup>4</sup> of 0.92 (2021: 0.87)
- All Reported Injury Rate<sup>5</sup> of 0.96 (2021: 0.95)
- Total number of incidents 82 (2021: 74)

<sup>1</sup>Accident Incidence Rate (AIR) = (number of RIDDOR reportable injuries ÷ average headcount) x 100,000.

<sup>2</sup>Close Call Frequency Rate (CCF) = (count of close calls ÷ total work hours) x 100,000

<sup>3</sup>Lost Time Injury Frequency Rate = (number of injuries with lost time ÷ total work hours) x 100,000

<sup>4</sup>Minor Injury Frequency Rate (IFR) = (number of minor injuries ÷ total work hours) x 100,000

<sup>5</sup>All reported injury rate = (all injuries ÷ total work hours) x 100,000

# VolkerStevin Limited

## Strategic Report

### for the year ended 31 December 2022

---

#### Communities and Industry Bodies

---

##### **Introduction:**

We are committed to making a positive impact in the communities where we work. We strive to leave a legacy, not only through the projects that we deliver but also by supporting local communities, through engagement with schools, through charitable activity and by supporting local organisations.

Our People-Planet-Purpose sustainability framework builds on excellent foundations and unlocks our desire to take bold action to balance the needs of the environment and society alongside our growth as a business. It makes the commitment that 2020-2030 will be our 'Decade of Action' and sets a flexible, agile, and empowering structure for our organisation. It also enables us to convey to our stakeholders our collective ambitions and achievements. Each of the People-Planet-Purpose pillars has three 'themes' and a total of 23 high level metrics, which allow us to measure and monitor performance.

We recognise that it is essential that we have strong relationships with the numerous regulatory and professional bodies that we interact with to deliver quality service for our clients and remain a leader in our industry.

##### **How We Engaged:**

Our aim is to add value to our society, inspire others and support colleagues, clients, and suppliers in their own efforts to share time, skills, and resources in their chosen way. Our sustainability strategy is based on the key themes of People-Planet-Purpose and the focus is to create an adaptive capacity by making decisions informed by our inherent culture to do business in the right way.

We actively participate in opening doors for the next generation and provide careers advice and support to local schools and higher education facilities, to encourage more people to construction industry. These include careers fairs and other direct support for university students and other educational establishments.

Our Board members are on the Boards of a number of industry associations and the Board takes a pro-active approach towards participation in and support of industry initiatives.

We maintain strong relationships with our financial stakeholders with our bankers and our bonders, through regular and structured meetings, transparent reporting, and ongoing informal relationships

We are also committed to working with several charities across the Group.

##### **Outcomes and actions, we took from our engagement:**

We track social value using the Impact Evaluation Standard (IES) which enables us to consistently report on the activities we are undertaking and the impact we are having on local communities, economies, and individuals across our business. We have a suite of core metrics, aligned to People-Planet-Purpose to add clear focus and direction for the company on the outcomes we want to achieve.

Our employees across the VolkerWessels UK Group have worked collaboratively with local communities and, during 2022, generated £544m of social value through local procurement and employment, schools' engagement, and other volunteering. The VolkerWessels UK charity of choice for 2022 was Samaritans, and we are proud to have donated £17,874 throughout the year to support their vital work. In addition to Samaritans, each part of the business supports both a corporate charity and various local initiatives close to our sites, projects, and offices.

Our directors across the VolkerWessels UK Group actively participate on the boards of Build UK, New Homes Quality Board, CECA, and the Railway Industry Association amongst others and we actively participate in Open Doors, to encourage young people to consider construction as a career of choice.

##### **Key Performance Indicators and other relevant statistics:**

- At the end of 2022, 76% of our live company car fleet and 95% of new car orders are either fully electric or hybrid

**VolkerStevin Limited**  
**Strategic Report**  
**for the year ended 31 December 2022**

---

**Shareholders**

---

**Introduction:**

As a member of the privately owned Dutch group, Koninklijke VolkerWessels B.V, VolkerWessels UK Limited and its subsidiaries apply the internal regulations set out by the group to ensure that it acts as between members of that company.

**How We Engaged:**

We engage with our shareholders and broader group through many informal as well as formal routes with a quarterly business review and reports.

Through knowledge sharing across the group we are able to share innovation in construction methods, sustainability and value engineering between the UK and our international counterparts.

Our Dutch parent business is able to obtain and share onwards relevant news content and information that VolkerWessels UK provides through a variety of channels, including the corporate and business unit websites, social media and traditional media outlets, and the annual review publication.

**Outcomes and actions, we took from our engagement:**

Our objectives are set and agreed through our five-year rolling business planning process and we review our sustainability and other non-financial targets as well as financial targets with them on a regular basis.

VolkerWessels UK has contributed to the promotion of the group's success by the sharing of UK content for the parent company's annual report, and internal Spotlight newsletter

Approved by the Board of Directors and signed on behalf of the Board:



**JA Cox**  
Director

12 June 2023  
Company registered number: 00288392

VolkerStevin Limited  
Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

# **VolkerStevin Limited**

## **Directors' Report**

### **for the year ended 31 December 2022**

---

The Directors present their annual Directors' Report and audited financial statements for the year ended 31 December 2022.

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2021: £nil). No interim dividend was paid during the year (2021: £nil).

#### **Directors**

The Directors who held office during the year and to the date of signing this report were as follows:

JA Cox  
NA Connell  
NJ O'Keeffe (Appointed 21 November 2022)  
AR Robertson  
JM Suckling  
MG Woods  
VolkerWessels UK Limited

#### **Directors' indemnities**

The Company has arranged qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

#### **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 the management skills available 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 employees' 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.

#### **Employee Engagement**

For further detail on this, please refer to the Section 172(1) statement.

#### **Business relationships**

For further detail on this, please refer to the Section 172(1) statement.

#### **Political and charitable contributions**

The Company did not make any political or charitable donations or incur any political expenditure during the year (2021: £nil).

#### **Other disclosures**

Disclosures in respect of the future developments of the Company and going concern are given in the Strategic Report. Information on financial instruments, financial risk management and exposure is given in note 23 of the financial statements and form part of this report by cross reference.

Details of significant events since the balance sheet date are given in note 27.

#### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditor**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:



JA Cox  
Director  
12 June 2023  
VolkerStevin Limited  
Company registered number: 00288392

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

## **VolkerStevin Limited**

### **Directors' Responsibilities Statement**

#### **for the year ended 31 December 2022**

---

The Directors are responsible for preparing the Annual 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 the Directors are required to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent Auditor's Report to the Members of VolkerStevin Limited for the year ended 31 December 2022**

---

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of VolkerStevin Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

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

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

# **Independent Auditor's Report to the Members of VolkerStevin Limited for the year ended 31 December 2022**

---

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Bribery Act, employee laws, carbon reduction regulations, health and safety and environment matters.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

Contract revenue recognition, including recoverability and valuation of contract assets: as disclosed in Note 2 to the financial statements the company recognises revenue over time by measuring the progress towards full satisfaction of that performance obligation using an input method. Accordingly, in order for revenue to be recorded appropriately, management must forecast the outcomes of long-term construction, which require assessments and judgements to be made on changes in the scope of work, changes in costs, maintenance and defects liabilities. In responding to the revenue recognition risk, we have performed the following procedures:

- obtained an understanding of relevant controls in the revenue recognition process such as the review and approval by operational management of invoices prior to issuance;
- assessing and challenging a sample of the most significant and more complex contract positions and the accounting thereon under the percentage of completion methodology. The sample selected was based on both quantitative and qualitative factors including low margin or loss-making contracts and contracts with significant balance sheet exposures, as well as significant un-agreed income;
- assessing the recoverability of amounts due from construction contract customers and the related receivables by agreeing to external certifications and cash receipts. This was tested for a sample of contracts;
- assessing the completeness and validity of allowances recorded based upon the liabilities that may arise from disputes with customers or rectification works required. We did this through interviewing and challenging contract managers, commercial directors and a review of correspondence with customers, solicitors and expert advice.

*In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.*

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

# **Independent Auditor's Report to the Members of VolkerStevin Limited for the year ended 31 December 2022**

---

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

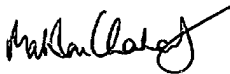
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### **Use of our report**

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.



**Makhan Chahal FCA (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Statutory Auditor  
London, United Kingdom

12 June 2023

**VolkerStevin Limited**  
**Income Statement**  
**for the year ended 31 December 2022**

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Revenue	4	<b>166,828</b>	140,494
Cost of sales		<b>(160,609)</b>	(149,648)
<b>Gross profit/(loss)</b>		<b>6,219</b>	(9,154)
Administrative expenses		<b>(7,717)</b>	(1,652)
<b>Operating loss</b>		<b>(1,498)</b>	(10,806)
Financial income	8	<b>186</b>	-
Financial expense	9	<b>(88)</b>	(300)
<b>Loss before tax</b>	5	<b>(1,400)</b>	(11,106)
<b>Income tax</b>	10	<b>(1,989)</b>	5,009
<b>Loss for the year</b>		<b>(3,389)</b>	(6,097)

All results derive from continuing operations.

The notes on pages 26 to 54 form an integral part of the financial statements.

**VolkerStevin Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2022**

	<i>Note</i>	<b>2022 £000</b>	<b>2021 £000</b>
Loss for the year		<b>(3,389)</b>	(6,097)
<b>Other comprehensive (expense)/income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial (losses)/gains on defined benefit pension plans	20	<b>(360)</b>	3,911
Tax recognised on actuarial (losses)/gains	10	<b>90</b>	(978)
<b>Other comprehensive (expense)/income for the year, net of income tax</b>		<b>(270)</b>	2,933
<b>Total comprehensive expense for the year</b>		<b>(3,659)</b>	(3,164)

The notes on pages 26 to 54 form an integral part of the financial statements.

**VolkerStevin Limited**  
**Statement of Financial Position**  
**as at 31 December 2022**

	Note	2022 £000	2021 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	-	76
Right-of-use assets	12	5,844	5,534
Trade and other receivables	15	-	2,772
Deferred tax assets	14	419	2,863
		<u>6,263</u>	<u>11,245</u>
<b>Current assets</b>			
Trade and other receivables	15	26,804	22,893
Contract assets	4	14,050	9,991
Tax receivables		2,530	7,189
Cash and cash equivalents	16	27,576	41,323
		<u>70,960</u>	<u>81,396</u>
<b>Total assets</b>		<u><u>77,223</u></u>	<u><u>92,641</u></u>
<b>Equity</b>			
Share capital	21	8,000	8,000
Other equity instruments		17,000	17,000
Retained earnings		(15,389)	(11,730)
<b>Total equity</b>		<u>9,611</u>	<u>13,270</u>
<b>Non-current liabilities</b>			
Lease liabilities	18	4,409	4,367
Trade and other payables	17	-	795
Employee benefits	20	392	561
		<u>4,801</u>	<u>5,723</u>
<b>Current liabilities</b>			
Lease liabilities	18	1,410	1,119
Overdraft	16	-	9,287
Trade and other payables	17	38,692	43,746
Contract liabilities	4	16,726	15,029
Provisions	19	5,983	4,467
		<u>62,811</u>	<u>73,648</u>
<b>Total liabilities</b>		<u>67,612</u>	<u>79,371</u>
<b>Total equity and liabilities</b>		<u><u>77,223</u></u>	<u><u>92,641</u></u>

The notes on pages 26 to 54 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 12 June 2023 and were signed on its behalf by:



**JA Cox**  
Director  
Company registered number: 00288392

**VolkerStevin Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2022**

	Share capital	Other equity instruments	Retained earnings	Total equity
Balance at 1 January 2021	8,000	-	(8,566)	(566)
<b>Comprehensive income</b>				
Loss for the year	-	-	(6,097)	(6,097)
<b>Other comprehensive income</b>				
Actuarial gain on defined benefit pension plans, net of tax	-	-	2,933	2,933
<b>Total comprehensive expense</b>	-	-	(3,164)	(3,164)
<b>Transactions with owners</b>				
Issue of other equity instrument	-	17,000	-	17,000
<b>Balance at 31 December 2021</b>	<b>8,000</b>	<b>17,000</b>	<b>(11,730)</b>	<b>13,270</b>
Balance at 1 January 2022	8,000	17,000	(11,730)	13,270
<b>Comprehensive income</b>				
Loss for the year	-	-	(3,389)	(3,389)
<b>Other comprehensive income</b>				
Actuarial loss on defined benefit pension plans, net of tax	-	-	(270)	(270)
<b>Total comprehensive expense</b>	-	-	(3,659)	(3,659)
<b>Balance at 31 December 2022</b>	<b>8,000</b>	<b>17,000</b>	<b>(15,389)</b>	<b>9,611</b>

The notes on pages 26 to 54 form an integral part of the financial statements.

**VolkerStevin Limited**  
**Cash Flow Statement**  
**for the year ended 31 December 2022**

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Cash flows relating to operating activities</b>			
Loss for the year		(3,389)	(6,097)
Adjustments for:			
Depreciation of property, plant and equipment	5	49	88
Depreciation of right-of-use assets	5	1,424	1,207
Financial income	8	(186)	-
Financial expense	9	88	300
Payments to defined benefit plans		(534)	(520)
Loss/(gain) on sale of property, plant and equipment		27	(2,169)
Income tax	10	1,989	(5,009)
R&D expense tax credit		(1,000)	-
<b>Operating cash flows before movements in working capital</b>		<b>(1,532)</b>	<b>(12,200)</b>
Increase in trade and other receivables		(1,139)	(7,667)
(Increase)/decrease in contract assets		(4,059)	21,026
Decrease in trade and other payables		(5,849)	(3,575)
Increase in contract liabilities		1,697	9,759
Increase/(decrease) in provisions		1,516	(3,482)
<b>Cash (used in) / from operating activities</b>		<b>(9,366)</b>	<b>3,861</b>
Interest paid		(4)	-
Tax received		6,298	624
<b>Net cash (used in) / from operating activities</b>		<b>(3,072)</b>	<b>4,485</b>
<b>Cash flows relating to investing activities</b>			
Proceeds from sale of plant, property and equipment		-	2,365
Interest received		186	-
<b>Net cash from investing activities</b>		<b>186</b>	<b>2,365</b>
<b>Cash flows relating to financing activities</b>			
Repayment of lease liabilities	18	(1,491)	(1,171)
Interest paid	18	(83)	(300)
Issue of other equity instruments		-	17,000
<b>Net cash (used in) / from financing activities</b>		<b>(1,574)</b>	<b>15,529</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,460)</b>	<b>22,379</b>
<b>Cash and cash equivalents at 1 January</b>		<b>32,036</b>	<b>9,657</b>
<b>Cash and cash equivalents at 31 December</b>	16	<b>27,576</b>	<b>32,036</b>

The notes on pages 26 to 54 form an integral part of the financial statements.

# **VolkerStevin Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2022**

---

#### **1 General information**

The Company is incorporated under the Companies Act 2006 and domiciled in the UK. The Company is a private company limited by shares and is registered in England and Wales. The principal activities of the Company are included on page 2. The address of the Company's registered office is shown on page 1.

#### **2 Accounting policies**

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

These financial statements have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards.

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

Changes to significant accounting policies are described in note 2.21.

##### **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 pages 2 to 5. In addition, note 23 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposure to credit risk, market risk and liquidity risk.

The Company meets its day-to-day working capital requirements through a centrally maintained group facility with VolkerWessels UK Limited (the "Group"), available for a minimum of 12 months from the signing of these financial statements. The Group has produced cash flow forecasts to assess the liquidity requirements throughout the going concern period and enable management to formulate appropriate and timely mitigation strategies. These demonstrate the Group has sufficient cash reserves and facilities to enable the Group to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. The Company is expected to continue to be in a position to obtain finance from the Group when required to operate for the foreseeable future. See note 23(c).

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing the financial statements. 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 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 currencies other than the entity's functional currency (Pound Sterling) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### **2.6 Property, plant and equipment**

Property, plant and equipment ("PPE") are 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:

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

Depreciation methods, useful lives and residual values are reviewed at each year-end.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

---

## 2 Accounting policies (continued)

### 2.7 Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

### 2.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture, photocopiers and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

### 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 pension 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 year-end on AA credit rated bonds 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.

The Company's employees are members of a group wide defined benefit pension plan.

As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer Volker Stevin Limited. The Company then recognises a cost equal to its contribution payable for current service costs for the year based upon an apportionment of contributions made by the sponsoring employer.

# **VolkerStevin Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2022**

---

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

### **2.10 Contract assets and contract liabilities**

Contract assets represent the Company's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

Contract liabilities are the Company's obligations to transfer goods or services to a customer for which the entity has received consideration from the customer.

### **2.11 Impairment excluding financial instruments, inventories and deferred tax assets**

The carrying amounts of the Company's assets are reviewed at each year-end to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of any asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount 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 goodwill is not reversed.

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
- 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 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, financial instruments at amortised cost, cash and cash equivalents, loans and borrowings, and trade and other payables.

Investments in jointly controlled entities and subsidiaries are carried at cost in the financial statements.

Financial instruments at amortised cost are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on actual incurred historical data. Impairment is recognised in an allowance account which is deducted from the gross total.

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

---

**2 Accounting policies (continued)**

**2.14 Impairment of financial instruments**

The Company assesses lifetime expected credit loss (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast economic conditions including the time value of money where appropriate.

For all other financial instruments, the Company recognises ECL when there has been a significant increase in risk since initial recognition. When estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis. The assessment is based on the Company's historical experience and includes forward-looking information. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the 12-month ECL as defined below.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**2.15 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 are recognised in profit or loss as they accrue, 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.

**2.16 Taxation**

Tax on the 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 year-end, 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 year-end.

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.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

---

## 2 Accounting policies (continued)

### 2.17 Revenue

Revenue recognition is determined according to the requirements of IFRS 15 'Revenue from contracts with customers'. IFRS 15 prescribes a 5-step model to distinguish each distinct performance obligation within a contract with a customer and to recognise revenue on the level of those performance obligations, reflecting the consideration that the Company expects to be entitled to, in exchange for those goods or services.

For each performance obligation identified in the contract, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

#### *Performance obligations satisfied over time*

The Company's construction and service contracts are satisfied over time where the following criteria are met;

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs it; or
- The Company's performance creates or enhances an asset that the customer controls; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Company's construction contracts are typically satisfied over time as the Company's performance creates or enhances an asset that the customer controls. The Company's service contracts are satisfied over time where the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs it.

The Company recognises revenue over time by measuring the progress towards full satisfaction of that performance obligation. The objective when measuring progress is to depict the Company's performance in transferring control of goods or services promised to a customer (i.e. the satisfaction of the Company's performance obligation).

For construction projects with a fixed cost base, progress is measured using an input method, i.e. cost incurred divided by total expected costs. Costs incurred which do not result in a transfer of control to the customer are excluded. Examples of costs where control is not transferred are uninstalled materials, costs of inefficiencies and set-up costs.

For contracts that are based on unit-rates, progress is measured based on the number of units produced, i.e. an output method.

#### *Performance obligations satisfied at a point in time*

If the criteria for satisfying a performance obligation over time is not met, revenue is recognised at the point in time when control of the good or service transfers to the customer. Indicators that control has transferred include the Company having contractual rights to payment, legal title has transferred to the customer, the customer has possession of the asset, the customer has accepted the asset or the customer has the significant risks and rewards of ownership.

Variable consideration i.e. variations, claims and incentive payments are recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once any uncertainty associated with the variable consideration is subsequently resolved. The Company considers both the likelihood and the magnitude of the potential revenue reversal.

Further details on revenue recognition are included in note 3 and note 4.

The Company recognises an asset from the costs to fulfil a contract where, the costs relate to a contract or anticipated contract that the entity can specifically identify and the costs generate or enhance resources that will be used in satisfying performance obligations in the future and the costs are expected to be recovered. Assets recognised will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

#### *Construction contracts*

The Company's construction contracts include complex engineering solutions across five principal market sectors; marine, defence, flood and coastal erosion risk management, water and regeneration and land remediation. The contract term depends on the nature and complexity of the project and the Company's role on the project.

Under the terms of these construction contracts, the Company does not create an asset with an alternative use to the entity and has an enforceable right to payment for work done. Revenue is therefore recognised over time using an input method to calculate percentage completion relative to the estimated total contract costs or in the case of some cost-plus contracts revenue is calculated based on cost plus an agreed margin. Costs which do not result in a transfer of value to the customer do not contribute to the percentage completion. The directors consider that this input method is an appropriate measure of progress towards complete satisfaction of the performance obligations under IFRS 15 as it faithfully depicts the transfer of control to the customer.

The transaction price for the main contract is agreed with the customer before any work is undertaken. Where the contract contains multiple performance obligations then the transaction price is allocated based on the standalone selling price of each performance obligation. The standalone selling price is the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar customer. The standalone selling price is estimated as cost plus an appropriate margin where there is no observable price.

For variations and claims where the transaction price is not explicitly included in the contract or agreed with the customer in writing, the directors will consider the facts including anticipated cost and margin, contract volumes and industry rates as well as the directors prior experience to estimate the transaction price.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

---

## 2 Accounting policies (continued)

The Company becomes entitled to invoice the customer based on certification of goods and services completed. Depending on the contractual terms the customer may be entitled to hold back a percentage of the invoiced amount as a retention for defects or rework. Retentions are included in trade and other receivables as the Group has a contractual right to payment which is contingent on the passage of time. Payment terms are rarely greater than 45 days. Goods and services transferred to the customer which have not been certified are recognised as contract assets. Contract assets are transferred to trade receivables as and when they are certified. If payment from the customer exceeds the revenue recognised using the input method, the Group will recognise a contract liability for the difference.

### 2.18 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.

### 2.19 Provisions

A provision is recognised on the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Provisions are 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.

### 2.20 Cash and cash equivalents

Cash and cash equivalents comprises cash balances as well as other deposits and other short term highly liquid investments with a maturity of less than three months when deposited.

Other short term highly liquid investments comprise of receivables held in accordance with the cash pooling arrangement with VolkerWessels UK (see critical judgements disclosure in note 3)

### 2.21 Changes in significant accounting policies

New amendments to Standards and Interpretations that have been adopted in the annual financial statements for the financial year ended 31 December 2022 are listed below:

- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 effective 1 January 2022)

The new amendments had no significant impact on the Company's results.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early as listed below:

- Presentation of financial statements' on classification of liabilities (Amendments to IAS1) (effective 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023)
- IFRS 17 Insurance contracts (effective 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective 1 January 2023)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2023)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective 1 January 2024)

The Company does not expect the above standards issued by the IASB, but not yet effective, to have a material impact on the Company's results.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

---

### 3 Accounting estimates and judgements

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. The nature of estimation and judgement means that actual outcomes could differ from expectation and may result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Critical Judgements in Applying the Company's Accounting Policies

In the process of applying the Company's accounting policies, the Directors have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### *Categorisation of contracts*

The five-step model included in IFRS 15 requires a number of judgements to be made which may have an impact on the timing of revenue recognition. Key judgements include whether a contract with a customer contains multiple performance obligations, how the transaction price is allocated to the performance obligations, whether revenue should be recognised at a point in time or over time and on an input or output basis.

The Company has determined the revenue recognition policy to use for each contract by applying the definitions and guidance of IFRS 15 including the core principle that "an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services".

##### *Intercompany cash pooling receivables classified as cash equivalents*

The VolkerWessels UK Group has a cash pooling arrangement. As part of this, VolkerWessels UK (VWUK) holds the master account while VolkerStevin Limited holds a separate secondary account that is balanced off to zero against the master account daily. This secondary account is used to make payments by the entity as part of its working capital requirements and is managed by the central treasury function for VWUK. All payments are approved by the entity alone. The individual secondary account is subject to overdraft limits, as is the overall pool.

In line with the daily operation of the cash pool, at the balance sheet date, a total of £21m (2021: £21m) has been swept out of the secondary account to bring the balance to £0. Therefore, there is an equal amount receivable to the entity from VWUK.

In considering the definition of cash equivalents per IAS 7, VolkerStevin considers it appropriate to classify these balances as a cash equivalent as:

- The receivables are held for the purpose of meeting short term cash commitments,
- There is an enforceable contract, that gives the secondary account holder the right to demand a known amount of cash in a suitably short time frame; and
- The resources of the master account holder combined with their policies and procedures for monitoring and maintaining liquidity are such that the deposit is subject to an insignificant risk of change in value.

Therefore, these amounts are included within cash equivalents in the statement of financial position, rather than intercompany receivables. Although these amounts are also included for the purposes of the related party disclosures. As they are cash equivalents, they are included in cash and cash equivalents for the purpose of the cash flow statement rather than movements in intercompany receivables.

#### Key Sources of Estimation Uncertainty

The Company does not have any key assumptions concerning the future or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Notwithstanding this, as a significant portion of the Company's activities are undertaken through long term construction contracts, the Company is obliged to make estimates in accounting for revenue and margin. These amounts may depend on the outcome of future events and may need to be revised as circumstances change. The relevant areas are detailed below:

##### *(a) Revenue recognition*

The Company uses the percentage-of-completion method to determine the appropriate amount of revenue to recognise in a given period. The percentage of completion is measured by reference to the year end costs as a percentage of total estimated costs for each contract as an input method.

This requires forecasts to be made of the outcomes of long-term construction, which require assessments and judgements to be made on changes in the scope of work, changes in costs, maintenance and defects liabilities (see note 4). Across the Company there are several long-term projects where the best estimate has been made on significant judgements. Any such estimate may change as new information becomes available and may have a material effect on the Company's revenue, profits and cash flows.

##### *(b) Onerous contract provision*

The onerous contract provision reflects an anticipated reduction in work awarded under a specific framework. It is expected that the cost to provide contractually agreed services will exceed the revenue generated due to this reduction.

In estimating the provision, the directors have made assumptions regarding the volumes of work that would be awarded by the client, the level of staff required to complete this work and the Group's ability to redeploy resources.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**4 Revenue**

*Disaggregation of revenue from contracts with customers:*

The Company derives revenue from the transfer of goods and services in the following major activities:

	2022 £000	2021 £000
Construction contract revenues	166,828	140,494
Total revenues	<u>166,828</u>	<u>140,494</u>

The Company derives revenue from the transfer of goods and services in the following divisions:

	2022 £000	2021 £000
Construction contract revenues	166,828	140,494
	<u>166,828</u>	<u>140,494</u>

All revenue is from contracts with customers. Substantially all revenue relates to sales made in the United Kingdom and is measured over time.

*Nature, timing of satisfaction of performance obligations and significant payment terms:*

**Construction contract revenues**

The Company's construction contract segment includes activities in relation to the physical construction of assets provided to public and private customers. Revenue is recognised over time using an input method to calculate percentage completion relative to the estimated total contract costs or in the case of some cost-plus contracts revenue is calculated based on cost plus an agreed margin.

Construction contract revenues include Major projects i.e. specialist capabilities across the built environment: bridges, highways, marine, car parks, railways and tunnels and Special Projects i.e. waterproofing, strengthening, civils, concrete repair, expansion joint and bridge bearing replacements. Contract lengths vary according to the size and complexity of the contract and can range from a few months for small scale construction works to two to three years for large scale complex construction works.

Invoices are typically raised monthly, based on valuations of the work completed and have normal commercial payments.

*Contract balances*

The Company has recognised the following revenue related (contract) assets and liabilities:

	2022 £000	2021 £000
Contract assets	14,050	9,991
Contract liabilities	<u>16,726</u>	<u>15,029</u>

The contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. All contract assets held at 31 December 2022 are expected to be invoiced and transferred to trade receivables within the next 12 months.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2022 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and contract liabilities during the period are as follows:

	Contract assets 2022 £000	2021 £000
As at 1 January	9,991	31,017
Transfers from contract assets recognised at the beginning of the year to receivables	(9,991)	(31,017)
Increase related to services provided in the year	<u>14,050</u>	<u>9,991</u>
As at 31 December	<u>14,050</u>	<u>9,991</u>

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**4 Revenue (continued)**

	<b>Contract liabilities</b>	
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
As at 1 January	15,029	5,270
Revenue recognised against contract liabilities at the beginning of the year	(15,029)	(5,270)
Increase due to cash received, excluding amounts recognised as revenue during the year	16,726	15,029
<b>As at 31 December</b>	<b>16,726</b>	<b>15,029</b>

The amount of revenue recognised in 2022 from performance obligations satisfied in previous periods is £3,209k (2021: £81k).

*Transaction price allocated to the remaining performance obligations*

The aggregate amount of the transaction price allocated to performance obligations within contracts with customers that are partially or fully unsatisfied as at 31 December 2022 is £293,773k (2021: £242,638k).

Management expects that 61% of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the 2023 financial year (£178,508k), 24% during the 2024 financial year (£70,042k) and 15% thereafter (£45,223k).

**5 Loss before tax**

Profit before tax is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Depreciation of property, plant and equipment</i>		
- owned assets	49	88
- right-of-use assets	1,424	1,207
Lease charges on short-term leases	35	69
Loss on disposal of property, plant and equipment	27	-
<i>Auditor's remuneration</i>		
- audit of these financial statements	286	260

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**6 Staff numbers and costs**

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

	2022 No	2021 No
Management & administrative	222	77
Operational	432	407
	<u>654</u>	<u>484</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	38,538	28,290
Social security costs	4,060	2,729
Contributions to defined contribution plans	3,618	2,452
Contributions in respect of defined benefit plans	534	520
	<u>46,750</u>	<u>33,991</u>

**7 Directors' remuneration**

	2022 £000	2021 £000
Directors' emoluments	498	431
Company contributions to money purchase pension plans	29	8
	<u>527</u>	<u>439</u>

The emoluments of the highest paid Director were £228k (2021: £228k) and company pension contributions of £2k (2021: £1k) were made to a money purchase scheme on his behalf. Only 5 Directors are remunerated through the Company (2021: 5). The other Directors are remunerated through other Group companies.

Retirement benefits are accruing to the following number of Directors under:

	2022 No	2021 No
Money purchase schemes	<u>4</u>	<u>4</u>

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**8 Financial income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable from group undertakings	<b>186</b>	-
Total financial income	<b>186</b>	-

**9 Financial expense**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Net interest on the net defined benefit liability	<b>4</b>	56
Interest on lease liabilities	<b>83</b>	85
Net foreign exchange losses	<b>1</b>	58
Other interest	-	101
Total financial expense	<b>88</b>	300

**10 Income tax**

**Analysis of the tax recognised in the income statement**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax credit</i>		
UK corporation tax:		
Current year	<b>(557)</b>	(2,654)
Adjustments for prior periods	<b>12</b>	288
<b>Current tax credit</b>	<b>(545)</b>	(2,366)
<i>Deferred tax expense/(credit) (see note 14)</i>		
Origination and reversal of temporary differences	<b>185</b>	(785)
Adjustments for prior periods	<b>2,349</b>	(1,858)
<b>Deferred tax expense/(credit)</b>	<b>2,534</b>	(2,643)
<b>Total tax expense/(credit)</b>	<b>1,989</b>	(5,009)

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**10 Income tax (continued)**

**Reconciliation of effective tax rate**

The total tax expense/(credit) for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£000	£000
<b>Loss for the year</b>	<b>(3,389)</b>	<b>(6,097)</b>
Total tax expense/(credit)	1,989	(5,009)
<b>Loss before taxation</b>	<b>(1,400)</b>	<b>(11,106)</b>
Tax using the UK corporation tax rate of 19% (2021: 19%)	(266)	(2,110)
<i>Effects of:</i>		
Non-deductible expenses	-	5
Changes in tax rates	23	(922)
R&D expenditure credit	(150)	-
Other	21	(412)
Adjustments for prior periods	2,361	(1,570)
<b>Total tax expense/(credit)</b>	<b>1,989</b>	<b>(5,009)</b>

**Tax recognised directly in other comprehensive income**

	2022	2021
	£000	£000
Deferred tax credit/(charge) recognised directly in other comprehensive income	90	(978)

**Factors that may affect future current and total tax charges**

Finance Act 2021 increased the rate of corporation tax from 19% to 25% from 1 April 2023. The prevailing rate of UK corporation tax for the year therefore remained at 19%. The future enacted tax rate of 25% has been used in the calculation of UK deferred tax assets and liabilities, as the rate of corporation tax that is expected to apply when those deferred tax balances reverse.

To calculate the current tax on profits, the rate of tax used is 19.0% (2021: 19.0%), which is the average rate of Corporation Tax applicable for the year.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**11 Property, plant and equipment**

	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
<b>Cost</b>			
At 1 January 2021	771	1,117	1,888
Disposals	(771)	(869)	(1,640)
<b>At 31 December 2021</b>	<b>-</b>	<b>248</b>	<b>248</b>
At 1 January 2022	-	248	248
Disposals	-	(248)	(248)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation and impairment</b>			
At 1 January 2021	565	963	1,528
Charge for the year	14	74	88
Disposals	(579)	(865)	(1,444)
<b>At 31 December 2021</b>	<b>-</b>	<b>172</b>	<b>172</b>
At 1 January 2022	-	172	172
Charge for the year	-	49	49
Disposals	-	(221)	(221)
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2021	-	76	76

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**12 Right-of-use assets**

	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
<b>Cost</b>			
At 1 January 2021	4,178	1,896	6,074
Additions	-	1,809	1,809
Disposals	(125)	(435)	(560)
<b>At 31 December 2021</b>	<b>4,053</b>	<b>3,270</b>	<b>7,323</b>
At 1 January 2022	4,053	3,270	7,323
Additions	-	1,818	1,818
Disposals	-	(802)	(802)
<b>At 31 December 2022</b>	<b>4,053</b>	<b>4,286</b>	<b>8,339</b>
<b>Depreciation and impairment</b>			
At 1 January 2021	228	914	1,142
Charge for the year	437	770	1,207
Disposals	(125)	(435)	(560)
<b>At 31 December 2021</b>	<b>540</b>	<b>1,249</b>	<b>1,789</b>
At 1 January 2022	540	1,249	1,789
Charge for the year	405	1,019	1,424
Disposals	-	(718)	(718)
<b>At 31 December 2022</b>	<b>945</b>	<b>1,550</b>	<b>2,495</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>3,108</b>	<b>2,736</b>	<b>5,844</b>
At 31 December 2021	3,513	2,021	5,534

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**13 Investments**

The Company has the following investments in jointly controlled operations:

Jointly controlled operations	Principal activities	JCO partner	Address*	Company Share %	
				2021	2020
HMB Alliance	Construction	Morgan Sindall Ltd Barhale Construction Ltd	1, 2 & 3	30%	30%
CVC Highway Solutions	Construction	Cumbrian Industrials Ltd	1 & 4	50%	50%
VS Marine	Construction	VCI bv	1 & 5	50%	50%
VSD Avenue	Construction	Deme Environmental Contracts nv	1, 6 & 7	33.3%	33.3%
VSBW JV	Construction	Sita Remediation bv Boskalis Westminster Ltd	1	66%	66%
C2V+	Construction	CH2MUK Ltd	1 & 8	50%	50%

\*principal place of business

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	8 Hertford Road Hoddesdon EN11 9BX	

**14 Deferred tax assets and liabilities**

**a) Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets	
	2022 £000	2021 £000
Property, plant and equipment	321	373
Right-of-use assets	-	2,350
Employee benefits	98	140
Tax assets	419	2,863

**b) Movement in deferred tax in the year**

	1 January 2022 £000	Charge in profit or loss £000	Charge in other comprehensive income £000	31 December 2022 £000
Property, plant and equipment	373	(52)	-	321
Right-of-use assets	2,350	(2,350)	-	-
Employee benefits	140	(132)	90	98
	2,863	(2,534)	90	419

R&D tax credit included in the deferred tax asset is not disclosed as recognised in income here as it is included in gross profit in accordance with tax legislation.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**14 Deferred tax assets and liabilities (continued)**

**c) Movement in deferred tax in the prior year**

	1 January 2021 £000	Charge in profit or loss £000	Charge in other comprehensive income £000	31 December 2021 £000
Property, plant and equipment	260	113	-	373
Right-of-use assets	-	2,350	-	2,350
Employee benefits	938	180	(978)	140
	<u>1,198</u>	<u>2,643</u>	<u>(978)</u>	<u>2,863</u>

**15 Trade and other receivables**

	2022 £000	2021 £000
Trade receivables	19,699	17,143
Amounts owed by group undertakings (note 26)	4,470	5,842
Non trade receivables	-	26
Prepayments	2,635	2,654
	<u>26,804</u>	<u>25,665</u>
Current	26,804	22,893
Non current	-	2,772
	<u>26,804</u>	<u>25,665</u>

The directors consider the carrying amount of trade and other receivables approximate to their fair value.

Trade receivables include £3,486k (2021: £3,693k) of retentions relating to construction contracts in progress.

**16 Cash and cash equivalents**

	2022 £000	2021 £000
Cash	7,070	20,450
Cash Equivalents	20,506	20,873
Overdraft	-	(9,287)
	<u>27,576</u>	<u>32,036</u>

Cash equivalents comprises amounts relating to the intercompany cash pooling receivables. See critical judgement disclosure in note 3 and accounting policy for further detail

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**17 Trade and other payables**

	2022 £000	2021 £000
Trade payables	28,224	35,471
Tax and social security costs	3,238	6,641
Non trade payables and accrued expenses	3,556	562
Amounts due to group undertakings (note 26)	3,674	1,867
	<b>38,692</b>	<b>44,541</b>
Current	38,692	43,746
Non-current	-	795
	<b>38,692</b>	<b>44,541</b>

The directors consider the carrying amount of trade and other payables approximate to their fair value.

Included within Trade payables are contract accruals of £13,702k (2021: £25,206k), which comprises amounts due to subcontractors, goods received not yet invoiced and other contract related accruals.

**18 Lease liabilities**

The Company has leases for land and buildings and vehicles. The majority of vehicle leases are sublet from a fellow group undertaking (see Note 26 for details of these related party transactions). With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11). Leases of vehicles generally have a lease term of 1 to 4 years and leases of property generally have a lease term ranging from 2 to 10 years. Lease payments are all fixed amounts.

During the year the following amounts were recognised in relation to leases:

<b>Amounts recognised in the Income Statement</b>	2022 £000	2021 £000
Interest on lease liabilities	83	85
Expenses relating to short-term leases	35	69
Depreciation on right-of-use assets	1,424	1,207

**Lease liabilities in the Balance Sheet**

<b>Maturity analysis - contractual undiscounted cash flows</b>	2022 £000	2021 £000
Less than one year	1,512	1,193
One to five years	3,951	3,046
More than five years	660	1,540
Lease liabilities - undiscounted cash flows	6,123	5,779
Discount	(304)	(293)
	<b>5,819</b>	<b>5,486</b>
Current	1,410	1,119
Non-current	4,409	4,367
	<b>5,819</b>	<b>5,486</b>

**Amounts recognised in the Statement of Cash Flows**

	2022 £000	2021 £000
Payments for short-term or low value leases	(35)	(69)
Repayment of capital element of leases	(1,491)	(1,171)
Interest payments on lease liabilities	(83)	(300)
<b>Total cash outflow for leases</b>	<b>(1,609)</b>	<b>(1,540)</b>

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**19 Provisions**

	<b>Onerous contract provision £000</b>	<b>Total £000</b>
Balance at 1 January 2022	4,467	4,467
Charged to the income statement	4,370	4,370
Utilised in the year	(2,854)	(2,854)
	<hr/>	<hr/>
Balance at 31 December 2022	5,983	5,983
	<hr/>	<hr/>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Analysis of total provisions		
Current	5,983	4,467
	<hr/>	<hr/>
	<b>5,983</b>	<b>4,467</b>
	<hr/>	<hr/>

Provisions charged to the income statement in 2021 totalled £393k.

*Onerous contract provision*

Contract provisions represents the expected net loss of fulfilling contractual obligations, based on the company's best estimate of volume levels and of the cost to service the volumes.

In estimating the expected net loss the directors made assumptions regarding the costs that would be incurred in order to complete the contract.

**20 Employee benefits**

**Defined contribution plan**

The Company operates a defined contribution plan. The total expense relating to this plan in the current year was £3,618k (2021: £2,995k) and the creditor outstanding relating to the plan at 31 December 2022 was £nil (2021: £nil).

**Defined benefit plans**

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 future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the year-end. 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.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

---

**20 Employee benefits (continued)**

*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 and other growth assets. 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. The Scheme invests in Liability Driven Investment (LDI) assets, which are designed to offset the impact of changes in market yields. Changes in bond yields are therefore not expected to be a significant source of year-end volatility.
- 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), although the Scheme's LDI holdings look to hedge inflation rate changes.
- 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.

*Summary*

A summary of the plan is as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Defined benefit assets	<b>24,790</b>	37,212
Defined benefit liability	<b>(25,182)</b>	(37,773)
Net asset for defined benefit obligations	<b>(392)</b>	(561)
Total employee benefits	<b>(392)</b>	(561)

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**20 Employee benefits (continued)**

*Movement in net defined benefit asset*

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Balance at 1 January	(37,773)	(41,024)	37,212	36,088	(561)	(4,936)
Included in profit or loss						
Interest (cost) / income	(668)	(478)	663	422	(5)	(56)
	(38,441)	(41,502)	37,875	36,510	(566)	(4,992)
Included in OCI						
Remeasurements gain:						
Actuarial gain arising from:						
- Changes in demographic assumptions	20	(535)	-	-	20	(535)
- Changes in financial assumptions	12,693	1,704	-	-	12,693	1,704
- Experience adjustment	(783)	175	-	-	(783)	175
Return on plan assets excluding interest income	-	-	(12,290)	2,567	(12,290)	2,567
	11,930	1,344	(12,290)	2,567	(360)	3,911
Other						
Contributions paid by the employer			534	520	534	520
Benefits paid	1,329	2,385	(1,329)	(2,385)	-	-
Balance at 31 December	(25,182)	(37,773)	24,790	37,212	(392)	(561)

*Plan assets*

	2022	2021
	£000	£000
Cash and cash equivalents	334	118
Equities and other growth assets	9,139	11,586
Bonds and liability driven investments	10,522	20,107
Property	4,300	4,737
Diversified Growth Funds	495	664
Total	24,790	37,212

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

#### 20 Employee benefits (continued)

##### Actuarial assumptions

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

	2022 %	2021 %
Discount rate	4.8	1.8
RPI Inflation	3.1	3.3
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	3.3
RPI or 5% pa if less subject to a minimum of 3% pa pension increases	3.5	2.5
RPI inflation linked increases in deferment	3.1	3.3

The assumptions relating to longevity underlying the pension liabilities at the year-end 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	21.4	23.8
Future retiree upon reaching 65 in 20 years	22.4	24.9

##### 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	2022 +0.5% £000	2022 -0.5% £000
Discount Rate	+/- 0.5%	(1,511)	1,511
Inflation (RPI)	+/- 0.5%	(1,259)	1,259

In valuing the liabilities of the pension fund at £25,182k, 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 2022 would have increased by £1,007k (2021: £1,889k) 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 2020. This valuation revealed a funding shortfall of £2,500k. To pay off the deficit, the Company has agreed to pay deficit reduction contributions from 1 January 2021 to 31 January 2025, starting at £520k pa in the year beginning 1 January 2021 and increasing by 2.7% pa in each subsequent 1 January. The Company will also meet all expenses directly.

#### 21 Share capital

	Number of shares '000	Ordinary shares £000
Authorised, allotted, called up and fully paid ordinary shares of £1		
At 1 January and 31 December 2021	8,000	8,000
At 1 January and 31 December 2022	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 meetings of the Company.

#### 22 Dividends

The Directors do not recommend the payment of a final dividend (2021: £nil). No interim dividend was paid during the year (2021: £nil).

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**23 Financial instruments**

**a) Fair values of financial instruments**

*Trade and other receivables*

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the year-end if the effect is material.

*Trade and other payables*

The fair value of trade and other payables is estimated at the present value of future cash flows, discounted at the market rate of interest at the year-end if the effect is material.

*Cash and cash equivalents*

The fair value of cash and cash equivalents is estimated at 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 year-end.

*Interest bearing loans and borrowings*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the year-end. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

There is no significant difference between the carrying amount and fair value of any financial instrument for the Company. The valuation methods of all the Company's financial instruments are classified as Level 2. There are no financial instruments that are measured at amortised cost but for which fair value is classified as Level 1 or Level 3 either in current year or in prior year.

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

	Note	2022 £000	2021 £000
Financial assets at amortised cost			
Trade and other receivables	15	24,169	23,011
Contract assets	4	14,050	9,991
Cash and cash equivalents	16	27,576	41,323
Total financial assets at amortised cost		65,795	74,325
<b>Total financial assets</b>		<b>65,795</b>	<b>74,325</b>
Financial liabilities at amortised cost			
Overdraft	16	-	9,287
Trade and other payables	17	31,898	37,335
Contract liabilities	4	16,726	15,029
Lease liabilities		5,819	5,486
Total financial liabilities at amortised cost		54,443	67,137
<b>Total financial liabilities</b>		<b>54,443</b>	<b>67,137</b>
<b>Total financial instruments</b>		<b>11,352</b>	<b>7,188</b>

Trade and other receivables above exclude prepayments.

Trade and other payables above exclude tax and social security costs and accrued expenses.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**23 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 trade receivables and contract assets from customers.

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the year-end, namely cash and cash equivalents, trade and other receivables and contract assets. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates 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.

The Company manages the collection of retentions through its post completion project monitoring procedures and ongoing contact with clients to ensure that potential issues which could lead to the non-payment of retentions are identified and assessed promptly.

The Company's financial assets are subject to the Expected Credit Loss (ECL) model of IFRS 9. The Company has calculated the ECLs for financial assets at amortised cost and cash and cash equivalents as immaterial. In order to assess the ECLs instruments were grouped by counterparty type, age and instrument type. For further information on the Company's assessment of ECLs see the accounting policy for the impairment of financial instruments (note 2.14).

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure which was £65,795k at 31 December 2022 (2021: £74,325k).

None of the contract assets at the end of the reporting period are past due, and taking into account the historical default experience and the future prospects of the industry the directors consider that no contract assets are impaired.

The maximum exposure to credit risk for trade receivables at the year-end by business segment and type of customer was as follows:

	2022 £000	2021 £000
Civil Engineering	19,699	17,143
Private sector customers	19,699	17,143
	19,699	17,143

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**23 Financial instruments (continued)**

*Credit quality of financial assets and impairment losses*

The ageing of trade receivables at the year-end was as follows:

	2022		2021	
	Gross £000	Impairment £000	Gross £000	Impairment £000
Not past due	18,197	-	3,913	-
Past due (0-30 days)	1,369	-	1,664	-
Past due (31-120 days)	133	-	11,566	-
	<u>19,699</u>	<u>-</u>	<u>17,143</u>	<u>-</u>

The expected credit losses in trade receivables are estimated using a provision matrix by reference to past default experience on the debtor and an analysis of the debtor's current financial position, adjusted for specific factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

At 31 December 2022 the Company had no impairment provision (2021: £nil) and did not provide against any debt during the year. For amounts which are past due at the reporting date, the Company has not provided for as there has not been a significant change in credit quality and the Company considers the amounts are recoverable.

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. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

**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.

*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 £000	Contractual cash flows £000	1 year or less £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Greater than 5 years £000
<b>2022</b>						
Trade and other payables	31,898	31,898	31,898	-	-	-
Contract liabilities	16,726	16,726	16,726	-	-	-
Lease liabilities	5,819	6,123	1,512	2,433	1,518	660
	<u>54,443</u>	<u>54,747</u>	<u>50,136</u>	<u>2,433</u>	<u>1,518</u>	<u>660</u>
<b>2021</b>						
Overdraft	9,287	9,287	9,287	-	-	-
Trade and other payables	37,335	37,335	36,540	795	-	-
Contract liabilities	15,029	15,029	15,029	-	-	-
Lease liabilities	5,486	5,779	1,193	1,053	1,993	1,540
	<u>67,137</u>	<u>67,430</u>	<u>62,049</u>	<u>1,848</u>	<u>1,993</u>	<u>1,540</u>

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**23 Financial instruments (continued)**

**d) Market risk**

*Financial risk management*

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the values of its holdings of financial instruments. Exposure to interest rate risk in the Company is principally on bank and cash deposits, and interest-bearing borrowings from its UK parent company. The Company does not participate in any interest rate hedge or swap arrangements.

*Foreign currency risk*

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company (primarily the Euro). The Company's exposure to foreign currency risk is as follows:

<b>31 December 2022</b>	<b>Euro</b>
	<b>£000</b>
Cash and cash equivalents	2,165
<b>Statement of financial position exposure</b>	<b>2,165</b>
<b>31 December 2021</b>	<b>Euro</b>
	<b>£000</b>
Cash and cash equivalents	444
<b>Statement of financial position exposure</b>	<b>444</b>

*Sensitivity analysis*

The Company considers foreign currency risk as follows.

A 10 percent movement of the euro against the pound sterling at 31 December 2022 would have changed equity and profit by £216k (2021: £nil). This calculation assumes that the change occurred at the year-end and had been applied to risk exposures existing at that date. This analysis also assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The sensitivity rate of 10 percent represents the Directors' assessment of a reasonably possible change, based on historic volatility.

*Interest rate risk*

Exposure to interest rate risk in the Company is principally on bank and cash deposits, and bank overdrafts. The Company does not participate in any interest rate hedge or swap arrangements.

# VolkerStevin Limited

## Notes to the financial statements

### for the year ended 31 December 2022

#### 23 Financial instruments (continued)

##### Profile of interest-bearing financial instruments

At the year-end the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2022 £000	2021 £000
<i>Variable rate instruments</i>		
Financial assets	27,576	41,322

A change of 100 basis points in interest would either increase or decrease equity by £276k (2021: £413k). The sensitivity of 100 basis points represents the Directors' assessment of a reasonably possible change, based on historic volatility.

#### e) Capital risk management

For the purpose of the Company's capital risk management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The primary objective of the Company's capital risk management is to maximise shareholder value.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital through regular forecasts of its cash position to management on both a short-term and long-term basis. Performance against forecasts is also reviewed and analysed to ensure the Company efficiently manages its net cash position.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

#### 24 Contingent liabilities

The Company has contingent liabilities in respect of performance bonds, guarantees and actual and potential claims by third parties under contracting and other arrangements entered into during the normal course of business. Whilst the outcome of these matters is uncertain, the Directors believe that appropriate provision has been made within the financial statement in respect of these matters.

The Company, as a result of a VolkerWessels UK Limited Company 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's liability was £18,091k (2021: £22,036k).

#### 25 Other equity instruments

On 29 November 2021, VolkerStevin entered into a loan agreement with VolkerWessels UK Ltd for the value of £17 million. The loan has been fully subordinated in favour of any other amounts due to the company's creditors. The loan is interest free has no specified maturity date but can be repaid by VolkerStevin, at their sole discretion, at any time.

As there is no specified maturity date and it is at the discretion of VolkerStevin as to when the loan will be repaid. The loan has accordingly been classified as an equity instrument and is recognised as other equity instruments.

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**26 Related parties**

*Related party transactions*

Transactions between the Company and other related parties are noted below.

*Compensation of key management*

The compensation of key management personnel (i.e. Directors) is as follows:

	2022 £000	2021 £000
Short-term employee benefits	498	431
Post-employment benefits (defined contribution plan)	29	8
	<u>527</u>	<u>439</u>

*Related party transactions with fellow group undertakings*

Related party transactions (excluding cash pooling arrangements) with fellow group undertakings are summarised below:

	Parent undertaking £000	Fellow subsidiary undertakings £000	Total £000
<b>Amounts owed by undertakings</b>			
2022			
At start of year	-	5,842	5,842
Sales/Income	77	14,012	14,089
Receipts	-	(15,461)	(15,461)
At end of year	<u>77</u>	<u>4,393</u>	<u>4,470</u>

	Parent undertaking £000	Fellow subsidiary undertakings £000	Total £000
<b>Amounts owed by undertakings</b>			
2021			
At start of year	-	5,992	5,992
Sales/Income	-	21,385	21,385
Receipts	-	(21,535)	(21,535)
At end of year	<u>-</u>	<u>5,842</u>	<u>5,842</u>

	Parent undertaking £000	Fellow subsidiary undertakings £000	Total £000
<b>Amounts owed to undertakings</b>			
2022			
At start of year	22	1,844	1,866
Expenses	(22)	65,981	65,959
Payments	-	(64,151)	(64,151)
At end of year	<u>-</u>	<u>3,674</u>	<u>3,674</u>

**VolkerStevin Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2022**

**26 Related parties (continued)**

<b>Amounts owed to undertakings</b>	<b>Parent undertaking</b>	<b>Fellow subsidiary undertakings</b>	<b>Total</b>
<b>2021</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At start of year	12	2,455	2,467
Expenses	10	59,942	59,952
Payments	-	(60,553)	(60,553)
At end of year	22	1,844	1,866

*Terms and conditions of transactions with related parties*

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

<b>Lease liabilities owed to fellow subsidiary undertaking</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At start of year	1,985	1,147
New leases	2,230	1,632
Repayments	(1,491)	(794)
At end of year	2,724	1,985

Related party transactions from the cash pooling arrangements with fellow group undertakings are summarised below:

<b>Cash Pooling Balances with Group undertakings</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At start of year	20,873	1,779
Movements in cash pool balance	(367)	19,094
At end of year	20,506	20,873

The movement presented is the net movement of the daily sweeps into the cash pooling arrangement.

# **VolkerStevin Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2022**

---

#### **27 Events after the reporting period**

The VolkerStevin group has decided to combine the businesses of VolkerStevin Limited and VolkerInfra Limited into a single entity to deliver the services they provide. This is being effected by VolkerStevin Infrastructure Limited (formerly known as VolkerStevin Group Limited) acquiring the assets of both VolkerStevin and VolkerInfra. This transaction took place on 1 January 2023 and therefore does not have any impact on the balance sheet as at 31 December 2022.

#### **28 Parent and ultimate controlling party**

The Company is a subsidiary undertaking of VolkerStevin Infrastructure Limited which is incorporated in England and Wales.

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

The ultimate parent and largest group in which the results of the Company for this period are included is Koninklijke VolkerWessels B.V., a company incorporated in the Netherlands. Copies of the published consolidated financial statements may be obtained from the registered office of the ultimate parent: Reggesingel 10, 7461 BA Rijssen, Postbus 206, 7460 AE, Rijssen, The Netherlands.