

Company Registration No. 00818974 (England and Wales)

WALKER CONSTRUCTION (U.K.) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

WALKER CONSTRUCTION (U.K.) LIMITED

COMPANY INFORMATION

Directors	S R Walker P A Webb P S King D K Harvey M A Watts
Secretary	P S King
Company number	00818974
Registered office	Inca House Trinity Road Eureka Science Park Ashford Kent TN25 4AB
Auditor	Beavis Morgan Audit Limited 82 St John Street London EC1M 4JN

WALKER CONSTRUCTION (U.K.) LIMITED

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WALKER CONSTRUCTION (U.K.) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

This year, Walker Construction (UK) Limited celebrates 56 years of successful business, during which time we have made a significant contribution to the built environment across the South East and more recently into the Midlands.

Walker Construction (UK) Limited is a multi-disciplined construction company delivering building, civil and rail projects across a diverse range of sectors including commercial, industrial, education, leisure, heritage, retail, healthcare, government departments, local authorities, train operating companies and Network Rail.

We understand our clients' needs and expectations on every project we deliver, whilst using our experience and professional design and build services with technical innovation and sustainable construction solutions. Environmental considerations are rightly being given more credence nowadays, which is something that the directors are pleased about. Having been an ISO14001 accredited company for many years, we are acutely aware of the environmental impact of the construction industry and we use our best endeavours to ensure that this impact is kept to a minimum and where possible we look to enhance the credentials of existing infrastructure.

We aim to be the preferred construction contractor of choice for our clients assured by the delivery of excellence, quality of service and by carefully selecting new opportunities with clients aligned to our core beliefs and objectives.

Review of business

Following the business upturn in the year ending March 2020, the directors were forecasting 2021 to be a significant year of growth for the company as the order book was looking healthy and margins were on the increase. Initial forecasts were expectant of growth in turnover to over £59m and a consistent increase in both gross and net profits in line with this. However, just as the financial year began COVID started to bite and within two weeks over 80% of the company's sites were shut down. By the end of April 2020 sites started opening back up again but the impact of having to manage COVID risk was felt largely throughout the year and the uncertainty within the industry caused significant delays in contract awards and programmes. This ultimately resulted in turnover for the year reducing by 18% to £46m from £56m in 2020. The additional costs of managing the COVID risk and the reduction in productive output as a result caused a reduction in gross profit ratio from 10% in 2020 to 7.3%. Towards the end of the year, we started to see a return to profitable working but it was not sufficient to bring the year back into profit.

The construction industry has largely adapted now to working with COVID and, despite current material shortages, the market remains very competitive and the directors continue to seek new opportunities to build on existing expertise within the company.

At 31 March 2021, borrowings by the company as a percentage of total assets increased slightly to 5.5% (2020: 5.3%), and at 31 March 2021, the company's net assets were £2,919,087 (2020: £2,800,391).

With a strong balance sheet, a varied range of activities and clients and a loyal workforce, the directors are confident that the company is in a strong position to achieve its vision of becoming the preferred construction contractor of choice in the diverse market in which it operates.

WALKER CONSTRUCTION (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The continued success of the company depends on the ability to management to identify and manage risks which are inherent in the type of business in which we are engaged.

The company has identified the following specific risks all of which have the potential to impact on its success.

Financial risk

The principal financial risks are associated with the company's ability to properly estimate the costs of performing the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts, the financial standing of our clients, subcontractors and suppliers in terms of their ability to discharge their obligations to us.

Credit risk

The company carries out credit checks of all new clients before entering into contracts and continuously reviews the credit risks and performance of existing clients.

Insurance

The company holds credit insurance for contracts undertaken in excess of £10,000.

Contractual risk

The company is exposed to a variety of contractual risks according to the type of contract undertaken. Such risks include adverse weather, price inflation of material costs, unknown ground conditions and completion of the contract within the tender price and to the clients' requirements.

Health and safety

The company recognises the importance of the health and safety of all those employed in its offices and sites as well as the general public. In recent years the company has won various International Safety Awards with merit from the British Safety Council in recognition of its commitment to keeping its workers and workplaces healthy and safe, and in 2019 won the prestigious Princess Royal Training Award. The advent of COVID-19 meant that many award ceremonies did not take place during 2020, however the company still managed to win for People Development at Constructing Excellence SECBE Awards.

WALKER CONSTRUCTION (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators

The company measures its financial performance against a selected group of competitor companies.

The Key Performance Indicators used include the Current Ratio, Quick Assets Ratio (Acid Test), Gross Profit Ratio, Net Profit Margin, Gearing and Net Worth.

For the year ended 31 March 2021, the Current Ratio increased slightly to 1.16 (2020: 1.15) but the Gross Profit Ratio decreased to 7.3% (2020: 10%). However, the Net Profit Margin took a swing to -0.72% (2020: 0.75%).

At 31 March 2021, the net current assets of the company were £2,084,227 (2020: £2,075,485). Shareholders' Funds had increased by 4.2% to £2,919,087 (2020: £2,800,391) and the debt ratio had increased slightly to 5.5% compared to 5.3% for the previous year.

Non-Financial: The company also measure, its performance using non-financial indicators. These non-financial indicators measured include:

Performance: New orders won on a monthly and cumulative basis.

Health and Safety: Accident Incidence Rate and Accident Frequency Rate.

Environment: Environmental Incidents, Co2 emissions and reduction of Carbon Footprint, Waste Production, Office Water Usage and Recycled Aggregate Usage.

Client Satisfaction: Quality of Work, Completion on Time, Teamwork, Savings and Innovation.

Health and safety

The company operates an Integrated Management System which incorporates safety, quality and environmental policies. This System is accredited to ISO 9001, ISO 14001 and OHSAS 18001 standards (carried out by National Quality Assurance Limited - UKAS accredited). Policy review is annual or triggered by changes of legislation affecting the nature of our business, and/or where accidents or occurrences indicate a procedural insufficiency.

We are members of the British Safety Council. We subscribe to Croners and Envirowise and are registered with CITB. We are able to obtain advice and assistance from these sources and also from the Rail Safety Standards Board as part of our Network Rail Principal Contractors Licence.

Quality assurance

We are continually evolving our policies and procedures ahead of expectations and legal requirements. Together with our training commitment, we are confident that the quality of our projects, staff, systems and procedures will improve, one step ahead of our competitors.

The reputation of Walker Construction (UK) Limited is built on the trust and confidence of those with whom we deal. The company aims to maintain high ethical standards in the conduct of its business and will not tolerate any behaviour or practice which compromises its integrity.

The company is Quality Assured to BS ISO 9001, Environmental Accreditation ISO 14001 and Safety Accreditation OHSAS 18001, further details regarding monitoring and review are shown in the Health & Safety section above.

Walker Construction (UK) Limited has an accepted Principal Contractor Licence sponsored through Network Rail and is an RISQS approved contractor. The company is committed to collaborative business relationship management within the construction industry through formal partnering relationships, both internal and external, achieved by transparent consultation, joint collaborations and a considerate approach to all aspects of management.

Sub-contractors require Construction line membership to qualify for our database.

Sub-contractors require RISQS approval, formerly known as Achilles Link-up, to qualify for our Rail database.

WALKER CONSTRUCTION (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Corporate social responsibility

We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including shareholders, customers, suppliers and employees. We have an established investor relations programme, work closely with our customers, monitor supplier performance and actively encourage feedback from our employees.

We are an equal opportunities employer and aim to recruit locally at all times. All employees are provided with basic training regarding Health & Safety and Environmental Awareness, which is refreshed and enhanced on a regular basis. Our training policy ensures that all employees receive the correct level of skills training required for the roles, tasks and responsibilities undertaken.

Our environmental policy outlines our effort to use natural local resources where ever possible and, where at all possible, recycle and reuse materials and incorporate into projects, in order to cut down on transport related carbon emissions. We hold a waste carrier's licence and, via our waste management policy, ensure all waste is properly segregated on site and, where unable to be recycled, is disposed of correctly.

It is our desire to work collaboratively with stakeholders to ensure we fully deliver on time, within budget, safely, and meeting if not exceeding client and end user requirements.

We support local communities via sponsorship, mentoring and visiting schools to provide an insight into the construction industry, as a regular adopter of the Considerate Constructors Scheme.

We facilitate apprenticeships and run graduate training schemes to benefit individuals and enhance the long-term potential for communities we work with, offering professional progression and assisting local development of growth and prosperity.

We expect the same ethos to be adopted via our subcontractors and suppliers alike.

Walker Construction Trust

The Walker Construction Trust, which was formed in 2018, funds individuals, not-for-profit organisations and registered charities with causes close to the hearts of our employees and the communities in which we operate.

The aim of the Trust is to run a sustainable foundation committed to providing support and assistance to individuals and causes within local communities where Walker Construction (UK) Limited operates.

Since inception to the date of these accounts the Trust has raised over £50,000, mainly due to the voluntary efforts of employees, and made grants in excess of £41,000 to numerous worthy causes.

On behalf of the board

P S King

Director

22 March 2022

WALKER CONSTRUCTION (U.K.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of civil engineering and rail contractors.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S R Walker
P A Webb
P S King
D K Harvey
M A Watts

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disclosure in the Strategic Report

The company has chosen to set out information in respect of principal risks and uncertainties, financial instruments and future developments in the Strategic Report.

Auditor

Beavis Morgan Audit Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

WALKER CONSTRUCTION (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P S King

Director

22 March 2022

WALKER CONSTRUCTION (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WALKER CONSTRUCTION (U.K.) LIMITED

Opinion

We have audited the financial statements of Walker Construction (U.K.) Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

The impact of economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of uncertainties that relate to the economy as a whole such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance. COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We considered such matters in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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.

WALKER CONSTRUCTION (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WALKER CONSTRUCTION (U.K.) LIMITED

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.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report and the directors' report.

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

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

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.

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.

WALKER CONSTRUCTION (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WALKER CONSTRUCTION (U.K.) LIMITED

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.

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, company law, tax and pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include building and planning regulations, local council byelaws, employment law and health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Simon Hammerton (Senior Statutory Auditor)
For and on behalf of Beavis Morgan Audit Limited

22 March 2022

Chartered Accountants
Statutory Auditor

82 St John Street
London
EC1M 4JN

WALKER CONSTRUCTION (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	46,212,217	56,214,047
Cost of sales		(42,826,336)	(50,572,925)
Gross profit		3,385,881	5,641,122
Administrative expenses		(4,904,511)	(5,313,296)
Other operating income		1,249,240	157,930
Operating (loss)/profit	4	(269,390)	485,756
Interest receivable and similar income	7	65	258
Interest payable and similar expenses	8	(64,227)	(63,412)
(Loss)/profit before taxation		(333,552)	422,602
Tax on (loss)/profit	9	452,248	(10,605)
Profit for the financial year		118,696	411,997

The profit and loss account has been prepared on the basis that all operations are continuing operations.

WALKER CONSTRUCTION (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	118,696	411,997
Other comprehensive income	-	-
Total comprehensive income for the year	<u>118,696</u>	<u>411,997</u>

WALKER CONSTRUCTION (U.K.) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		1,235,891		1,205,538
Current assets					
Debtors	13	14,619,217		15,710,013	
Cash at bank and in hand		392,336		586,029	
		<u>15,011,553</u>		<u>16,296,042</u>	
Creditors: amounts falling due within one year	14	<u>(12,927,326)</u>		<u>(14,220,557)</u>	
Net current assets			2,084,227		2,075,485
Total assets less current liabilities			3,320,118		3,281,023
Creditors: amounts falling due after more than one year	15		<u>(401,031)</u>		<u>(480,632)</u>
Net assets			<u>2,919,087</u>		<u>2,800,391</u>
Capital and reserves					
Called up share capital	19		45,722		45,722
Profit and loss reserves			2,873,365		2,754,669
Total equity			<u>2,919,087</u>		<u>2,800,391</u>

The financial statements were approved by the board of directors and authorised for issue on 22 March 2022 and are signed on its behalf by:

P A Webb
Director

P S King
Director

Company Registration No. 00818974

WALKER CONSTRUCTION (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2019		45,722	2,350,851	2,396,573
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	411,997	411,997
Dividends	10	-	(8,179)	(8,179)
Balance at 31 March 2020		45,722	2,754,669	2,800,391
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	118,696	118,696
Balance at 31 March 2021		45,722	2,873,365	2,919,087

WALKER CONSTRUCTION (U.K.) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	22	120,111		1,777,310	
Interest paid		(64,227)		(63,412)	
Income taxes refunded/(paid)		59,985		(3,965)	
Net cash inflow from operating activities		115,869		1,709,933	
Investing activities					
Purchase of tangible fixed assets		(422,188)		(933,881)	
Proceeds on disposal of tangible fixed assets		150,273		283,898	
Interest received		65		258	
Net cash used in investing activities		(271,850)		(649,725)	
Financing activities					
Payment of finance leases obligations		(37,712)		509,405	
Dividends paid		-		(8,179)	
Net cash (used in)/generated from financing activities		(37,712)		501,226	
Net (decrease)/increase in cash and cash equivalents		(193,693)		1,561,434	
Cash and cash equivalents at beginning of year		586,029		(975,405)	
Cash and cash equivalents at end of year		392,336		586,029	

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Walker Construction (U.K.) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Inca House, Trinity Road, Eureka Science Park, Ashford, Kent, TN25 4AB.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the invoiced value of goods and services supplied during the year, excluding Value Added Tax and trade discounts, together with the value of contracting work executed during the year as measured by quantity surveyors in accordance with the stage of completion.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Development expenditure is written off against profits unless or until it is demonstrated that future probable economic benefits will flow to the company. The total value of research and development expenditure written off against profits during the year is estimated to be £497,297 (2020: £1,219,993).

Any corporation tax credit in respect of the company's R&D expenditure is only recognised in the financial statements once there is reasonable assurance that the amount will be received from HM Revenue & Customs.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life, or if held under a finance lease, over the lease term, whichever is the shorter:

Computer equipment	Straight line over 4 years
Motor vehicles	Straight line over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The assets of the schemes are held separately from those of the company in independently administered funds.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements, estimates and assumptions have the most significant effect on amounts recognised in the financial statements.

Construction contracts

A significant portion of the company's activities are undertaken through long term construction contracts. The directors are required to make judgements and estimates regarding the stage of completion for each individual project and the appropriate revenue and costs to recognise in the financial statements. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Contract sales	46,212,217	56,214,047

4 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(1,160,688)	(12,696)
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	24,000
Depreciation of owned tangible fixed assets	349,394	329,565
Profit on disposal of tangible fixed assets	(107,832)	(234,259)
Operating lease charges	227,609	246,670

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Directors	5	5
Administration	51	56
Construction workers & site staff	132	164
Total	188	225

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	11,568,224	13,617,972
Social security costs	1,107,061	1,223,001
Pension costs	383,341	410,038
	13,058,626	15,251,011

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	510,726	613,913
Company pension contributions to defined contribution schemes	84,176	99,153
	594,902	713,066

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020: 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	107,000	99,818
Company pension contributions to defined contribution schemes	37,729	54,033

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	-	258
	Other interest income	65	-
		<u>65</u>	<u>258</u>
	Total income	65	258
		<u><u>65</u></u>	<u><u>258</u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	258
		<u><u>-</u></u>	<u><u>258</u></u>
8	Interest payable and similar expenses	2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	41,898	45,653
	Other finance costs:		
	Hire purchase interest	22,329	17,759
		<u>64,227</u>	<u>63,412</u>
		<u><u>64,227</u></u>	<u><u>63,412</u></u>
9	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits recognised in the current period	(162,052)	(65,392)
	Adjustments in respect of prior periods	(290,196)	-
		<u>(452,248)</u>	<u>(65,392)</u>
	Total current tax	(452,248)	(65,392)
		<u><u>(452,248)</u></u>	<u><u>(65,392)</u></u>
	Deferred tax		
	Origination and reversal of timing differences	-	75,997
		<u>-</u>	<u>75,997</u>
	Total tax (credit)/charge	(452,248)	10,605
		<u><u>(452,248)</u></u>	<u><u>10,605</u></u>

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(333,552)	422,602
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(63,375)	80,294
Effect of expenses disallowed for tax	2,235	7,456
Prior year losses utilised	-	(36,346)
Adjustments in respect of prior years	(6,361)	-
Research and development tax credit	(162,051)	-
Other items	147	20,628
Prior year R&D credit	(283,835)	(61,427)
Research and development expenditure surrendered for tax credit	205,475	-
Additional deduction for research and development expenditure	(121,603)	-
Deferred tax not recognised	(22,880)	-
Taxation (credit)/charge for the year	(452,248)	10,605

10 Dividends

	2021 £	2020 £
Interim paid	-	8,179

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

	Computer equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 2020	16,096	2,547,275	2,563,371
Additions	22,462	399,726	422,188
Disposals	-	(692,900)	(692,900)
At 31 March 2021	38,558	2,254,101	2,292,659
Depreciation and impairment			
At 1 April 2020	4,584	1,353,249	1,357,833
Depreciation charged in the year	4,024	345,370	349,394
Eliminated in respect of disposals	-	(650,459)	(650,459)
At 31 March 2021	8,608	1,048,160	1,056,768
Carrying amount			
At 31 March 2021	29,950	1,205,941	1,235,891
At 31 March 2020	11,512	1,194,026	1,205,538

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor vehicles	1,175,604	1,163,591

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Fixed asset investments

The company's investment at the balance sheet date in the share capital of companies include the following:

Invvu Limited

Registered office: The Barn, Otterpool Manor Farm, Otterpool Lane, Sellindge, Ashford, Kent TN25 6DB

Nature of Business : Dormant company

Class of share:	Holding	%
Ordinary shares of £1 each	100.00	

The company has remained dormant since its incorporation on 18 September 2017.

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	13,034,842	12,798,301
Gross amounts owed by contract customers	900,363	2,332,945
Corporation tax recoverable	457,655	65,392
Other debtors	72,783	356,848
Prepayments and accrued income	145,433	148,386
	<u>14,611,076</u>	<u>15,701,872</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 17)	8,141	8,141
	<u>8,141</u>	<u>8,141</u>
Total debtors	<u>14,619,217</u>	<u>15,710,013</u>

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	493,538	451,649
Trade creditors		8,177,006	10,043,937
Gross amounts owed to contract customers		2,504,047	1,792,702
Taxation and social security		1,104,155	1,599,850
Other creditors		648,580	332,419
		<u>12,927,326</u>	<u>14,220,557</u>

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	401,031	480,632

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	521,324	474,295
In two to five years	423,210	504,135
	944,534	978,430
Less: future finance charges	(49,965)	(46,149)
	894,569	932,281

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £	Assets 2020 £
Balances:		
Tax losses and timing differences on capital allowances	8,141	8,141

There were no deferred tax movements in the year.

The deferred tax balance is recognised on the difference between the net book value of the company's tangible fixed assets and the written down value of those assets for corporation tax purposes.

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

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	383,341	410,038

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
45,722 Ordinary shares of £1 each	45,722	45,722

20 Contingent liabilities

At 31 March 2021, there were contingent liabilities amounting to £1,722,160 (2020: £2,016,198) in respect of performance bonds given by the company's insurers with recourse to Walker Construction (U.K.) Limited.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	149,684	174,751
Between two and five years	50,000	154,684
	199,684	329,435

WALKER CONSTRUCTION (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	118,696	411,997
Adjustments for:		
Taxation (credited)/charged	(452,248)	10,605
Finance costs	64,227	63,412
Investment income	(65)	(258)
Gain on disposal of tangible fixed assets	(107,832)	(234,259)
Depreciation and impairment of tangible fixed assets	349,394	329,565
Movements in working capital:		
Decrease/(increase) in debtors	1,483,059	(573,188)
(Decrease)/increase in creditors	(1,335,120)	1,769,436
Cash generated from operations	120,111	1,777,310

23 Analysis of changes in net debt

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	586,029	(193,693)	392,336
Obligations under finance leases	(932,281)	37,712	(894,569)
	(346,252)	(155,981)	(502,233)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.