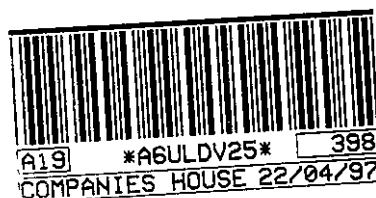


Volker Stevin (UK) Limited

1179305

Report and Accounts

31 December 1996



Volker Stevin (UK) Limited

Registered no. 1179305

DIRECTORS

W T J Dijkman
C W R R Coard

SECRETARY

M R Warrell FCCA

AUDITORS

Ernst & Young
Cambridge House
26 Tombland
Norwich
NR3 1RH

BANKERS

National Westminster Bank plc
Norfolk & Waveney Corporate Business Centre
King's Lynn Office
Hardwick Road
King's Lynn
Norfolk
PE30 4NA

REGISTERED OFFICE

74 St Peters Road
West Lynn
King's Lynn
Norfolk
PE34 3JT

DIRECTORS' REPORT

The directors submit their report and group financial statements of Volker Stevin (UK) Ltd for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the group during the year was civil engineering.

RESULTS AND REVIEW OF THE BUSINESS

The results over the past year of operation are set out in the profit and loss account attached.

Turnover and profits on continuing activities were maintained at levels similar to the previous year. The Board considers the group to be well placed to maintain its share of the civil engineering sector, and to consider new market opportunities. In September, the company and British Steel Plc each subscribed 50% of the issued share capital in GrantRail Limited, a new company formed to further develop the railway engineering business. At that date all of the Railbouw (UK) Limited's contracts were transferred to GrantRail. Volker Stevin (UK) Limited's share of GrantRail Limited's results are included in the profit and loss account and the investment and asset values are disclosed in the accounts and notes.

EMPLOYEES AND DISABLED PERSONS

A close consultation process between management and other employees pervades throughout the group. The aim is to keep employees informed about the progress and position of the group's activities and achieve a common awareness of the financial and economic factors affecting the performance of the group.

It is the policy of the group to give full and fair consideration to the employment of applicants who are disabled persons with suitable aptitudes and abilities.

Where existing employees become disabled, it is the groups policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DIRECTORS

The directors of the company at 31 December 1996 were as follows:

W T J Dijkman - (Chairman) - appointed following the retirement of H D W Hoggard.
C W R R Coard

DIRECTORS' INTERESTS

No director had at any time during the year ended 31 December 1996 any interest in the shares of the company or any other group undertaking according to the register required to be kept under Section 325 of the Companies Act 1985. Directors are exempt from notifying the company of interests in shares of a body corporate incorporated outside Great Britain.

RETIREMENT OF DIRECTORS

The Articles of Association of the Company state that while the company remains a subsidiary company, the Directors are not subject to retirement by rotation, and the provisions of Table A of the Companies Act 1948 shall not apply.

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

10 April 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Volker Stevin (UK) Limited

We have audited the accounts on pages 7 to 22, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1996 and of the profit for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Norwich

10 April 1997

Volker Stevin (UK) Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	Notes	1996 £	1995 £
TURNOVER			
Continuing operations		36,690,022	35,966,943
Discontinued operations		-	97,096
		<hr/>	<hr/>
Cost of sales	2	36,690,022 (32,770,303)	36,064,039 (32,522,608)
		<hr/>	<hr/>
GROSS PROFIT		3,919,719	3,541,431
Administrative expenses		(3,753,471)	(3,510,188)
Income from interests in associated undertakings		87,000	-
		<hr/>	<hr/>
OPERATING PROFIT	3	253,248	31,243
Continuing operations		253,248	41,712
Discontinued operations		-	(10,469)
		<hr/>	<hr/>
		253,248	31,243
Interest receivable	6	158,723	272,024
Interest payable	7	(59,485)	(67,891)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		352,486	235,376
Tax on profit on ordinary activities	8	(66,590)	(51,434)
		<hr/>	<hr/>
PROFIT RETAINED FOR THE FINANCIAL YEAR		285,896	183,942
			-
RETAINED PROFITS BROUGHT FORWARD		3,849,276	3,665,334
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		4,135,172	3,849,276
		<hr/>	<hr/>

The company has no recognised gains or losses other than the results for the above two financial periods.

Volker Stevin (UK) Limited

CONSOLIDATED BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10	2,296,994	2,078,371
Investments	11	3,457,999	-
		<u>5,754,993</u>	<u>2,078,371</u>
CURRENT ASSETS			
Stocks	12	1,397,703	1,817,568
Debtors	13	10,972,347	6,212,695
Cash at bank and in hand		975,571	5,787,884
		<u>13,345,621</u>	<u>13,818,147</u>
CREDITORS: amounts falling due within one year	15	(11,267,884)	(8,490,551)
		<u>2,077,737</u>	<u>5,327,596</u>
NET CURRENT ASSETS			
		<u>7,832,770</u>	<u>7,405,967</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	16	(124,320)	(8,000)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(738,594)	(713,853)
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	19	(4,642)	(4,836)
		<u>6,965,174</u>	<u>6,679,278</u>
CAPITAL AND RESERVES			
Called up share capital	21	1,326,786	1,326,786
Share premium account	22	1,503,216	1,503,216
Profit and loss account	22	4,135,172	3,849,276
		<u>6,965,174</u>	<u>6,679,278</u>

Directors

10 April 1997



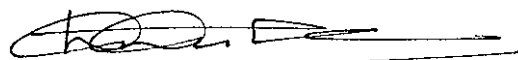
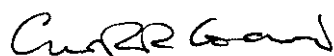
Volker Stevin (UK) Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investments	11	4,925,001	1,525,002
CURRENT ASSETS			
Debtors	13	1,395,039	851,140
Cash at bank and in hand		187,111	2,831,645
		1,582,150	3,682,785
CREDITORS: amounts falling due within one year	15	(912,616)	(111,262)
NET CURRENT ASSETS		669,534	3,571,523
TOTAL ASSETS LESS CURRENT LIABILITIES		5,594,535	5,096,525
CAPITAL AND RESERVES			
Called up share capital	21	1,326,786	1,326,786
Share premium account	22	1,503,216	1,503,216
Profit and loss account	22	2,764,533	2,266,523
		5,594,535	5,096,525

Directors

10 April 1997

Volker Stevin (UK) Limited

CONSOLIDATED STATEMENT OF CASHFLOWS for the year ended 31 December 1996

	Notes	1996 £	1995 £
NET CASH IN/(OUT) FLOW FROM OPERATING ACTIVITIES	3(b)	(1,102,062)	2,748,958
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		158,723	272,024
Interest paid		(59,400)	(43,772)
Interest element of finance lease rental payments		(85)	(24,119)
NET CASH IN/(OUT) FLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		99,238	204,133
TAXATION			
Corporation tax paid		(70,604)	(127,897)
INVESTMENT ACTIVITIES			
Payments to acquire tangible fixed assets		(1,393,766)	(892,959)
Proceeds of fixed asset disposals		907,979	699,007
Payment for shares in associated company	11	(3,399,999)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(3,885,786)	(193,952)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(4,959,214)	2,631,242
FINANCING			
Capital element of finance lease rental payments	17	(146,901)	245,186
NET CASH (INFLOW)/ OUTFLOW FROM FINANCING		(146,901)	245,186
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14	(4,812,313)	2,386,056
		(4,959,214)	2,631,242

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements comprise the consolidation of the accounts of the parent company and its subsidiary undertakings, made up to the end of the financial year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal.

The group accounts include the appropriate share of the result and net assets of associated undertakings.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold and leasehold buildings	-	10 - 50 years
Plant and equipment	-	2 - 25 years

Stocks

Stocks are stated at the lower of cost or net realisable value.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Long Term Contracts

Work in progress is valued at total costs incurred net of amounts transferred to the profit and loss account in respect of work carried out to date. Cost includes all direct materials, labour and an appropriate element of production overheads. Provision for all known or expected losses at completion and applications for progress payments are deducted from the gross value of work completed.

Profits on contracts are brought into the profit and loss account when the outcome can be assessed with reasonable certainty. Full provision is made for all known or future expected losses immediately such losses are identified on each contract.

Long Term Contracts are stated at cost and include an allocation of overheads. Provision is made for estimated losses to completion. Profits are only taken when the final results can be assessed with reasonable certainty.

Progress payments received or receivable at the accounting date are deducted from the gross value of work completed and the balance included in debtors as "amounts recoverable on contracts", any excess being included in creditors as "payments on account". Claims for work carried out are not accounted for until the outcome of the particular claim is certain.

Deferred Taxation

Deferred taxation is provided on the liability method on all short term timing differences to the extent that a liability may capitalise in the foreseeable future. Provision is also made for long term timing differences, except for those which are not expected to reverse in the foreseeable future.

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES (continued)

Deferred Repairs

Provision for deferred repairs is made by reference to the cost of repairs incurred during the year compared with a predetermined proportion, based on past years' experience, of the year's relevant turnover.

Leasing Commitments

Assets obtained under finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives. A corresponding amount is reflected in leasing indebtedness. The amount by which the payment to the leasing companies exceeds the depreciation charge is written off annually against profits.

Operating Leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by annual instalments.

Goodwill

Purchased goodwill, representing the difference between the purchase price and the fair value of net assets acquired is immediately set-off against reserves.

Conversion of foreign currencies

Assets and liabilities in foreign currencies are converted at the date of transaction into sterling at a rate which is subject to periodic review and is fixed by the ultimate holding company.

Exchange differences are included in the trading result.

Pension costs

The group's subsidiaries belong to a defined benefit pension scheme. Payments made to the scheme and charged against profit are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. An independent actuarial valuation of the scheme is made every three years.

2. TURNOVER

Turnover comprises the value of work executed on contracts during the year and the amount invoiced during the year for goods supplied and services provided. This turnover is stated net of value-added tax.

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

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 1996

3. OPERATING PROFIT

(a) This is stated after charging/(crediting):

	1996 £	1995 £
Auditors' remuneration - audit	51,250	60,625
- non audit	2,750	6,600
Depreciation of owned fixed assets	437,692	483,993
Depreciation of assets held under finance leases and hire purchase contracts	31,350	63,207
Profit on sales of fixed assets	(201,877)	(27,028)
Operating lease rentals - plant and machinery	289,065	680,258
Government grants released	(194)	(193)
Transfer to/(from) provisions for: - pension obligations	(19,978)	(21,182)
- deferred repairs	(63,445)	16,713

(b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1996 £	1995 £
Operating profit	253,248	31,243
Depreciation	469,042	547,200
Profit on sale of fixed assets	(201,878)	(27,028)
Deferred government grants released	(194)	(193)
Decrease in provision	24,741	(53,808)
Share of profits of associated companies	(87,000)	-
Decrease/(increase) in debtors	(4,543,268)	634,485
(Increase)/decrease in stocks	419,865	(256,051)
Increase in creditors	1,431,245	1,686,779
Transfer(decrease) of funds or services from other group companies	1,132,137	186,331
Net cash outflow from continuing operating activities	(1,102,062)	2,748,958

4. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Other emoluments (including pension contributions)	19,000	24,029
Directors' emoluments, excluding pension contributions, fell within the following ranges:		

	1996 No.	1995 No.
£nil - £5,000	-	1
£5,001 - £10,000	1	1
£10,001 - £15,000	1	1
£15,001 - £20,000	-	-

The emoluments, excluding pension contributions, of the Chairman were £13,500 (1995 - £15,000). The emoluments, excluding pension contributions, of the highest paid Director were £13,500 (1995 - £15,000).

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

5. STAFF COSTS

	1996 £	1995 £
Wages and salaries	7,594,249	6,934,143
Social security costs	691,080	667,508
Other pension costs	220,219	255,688
	<u>8,505,548</u>	<u>7,857,339</u>

The average weekly number of employees during the year was as follows:

	1996 £	1995 £
Management and administration	172	172
Operational	264	257
	<u>436</u>	<u>429</u>

6. INTEREST RECEIVABLE

	1996 £	1995 £
Group undertakings	46,944	18,409
Bank deposits	104,333	232,476
Other	7,446	21,139
	<u>158,723</u>	<u>272,024</u>

7. INTEREST PAYABLE

	1996 £	1995 £
Group undertakings	43,728	40,423
Bank overdrafts	12,766	3,349
Finance charges payable under finance leases and hire purchase contracts	2,991	24,119
	<u>59,485</u>	<u>67,891</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 33% (1995: 33%)	41,703	73,633
Corporation tax overprovided in previous years	(4,113)	(22,199)
	<u>37,590</u>	<u>51,434</u>
Associated undertakings	29,000	-
	<u>66,590</u>	<u>51,434</u>

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 1996

9. DIVIDENDS

	1996 £	1995 £
Ordinary - paid	Nil	Nil

10. TANGIBLE FIXED ASSETS - GROUP

	<i>Land and buildings</i>		<i>Plant</i>	<i>Total</i>
	<i>Freehold</i>	<i>Leasehold</i>		
	£	£	£	£
Cost:				
At 1 January 1996	778,329	90,000	4,526,320	5,394,649
Additions	305,990	-	1,087,776	1,393,766
Disposals	(237,000)	(90,000)	(760,812)	(1,087,812)
Reclassified	(17,970)	-	17,970	-
At 31 December 1996	829,349	-	4,871,254	5,700,603
Depreciation:				
At 1 January 1996	267,911	9,450	3,038,917	3,316,278
Provided during the year	22,597	2,400	444,045	469,042
Disposals	(16,280)	(11,850)	(353,581)	(381,711)
Reclassified	(2,806)	-	2,806	-
At 31 December 1996	271,422	-	3,132,187	3,403,609
Net book value:				
At 31 December 1996	557,927	-	1,739,067	2,296,994
At 1 January 1996	510,418	80,550	1,487,403	2,078,371

The amounts shown in respect of leasehold buildings and improvements are in respect of long term leases.

Included within freehold land and buildings are assets amounting to £6,026 (1995 - £6,026) which are not subject to depreciation.

The net book value of plant above includes an amount of £349,297 (1995 - £227,741) in respect of assets held under finance leases and hire purchase contracts.

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

11. INVESTMENTS

	1996 £	Group 1995 £	1996 £	Company 1995 £
At 1 January 1996	-	-	1,525,002	1,525,002
Additions (see (b))	3,457,999	-	3,399,999	-
At 31 December 1996	3,457,999	-	4,925,001	1,525,002
(a) Group Companies				£
Cost:				1,525,002
At 1 January 1996 and 31 December 1996				

The following details are given in respect of the principal subsidiary undertakings, all of which are included in the consolidation at 31 December 1996:

Name of subsidiary and nature of business	Proportion of issued shares held by		
	Nominal value of each ordinary share	Volker Stevin (UK) Limited or nominees	By subsidiaries or other nominee
	£	%	%
Civil Engineering			
The Dredging & Construction Co Limited	100	100	-
Harbour & General Works Limited	1	100	-
Volker Stevin Piling & Contracting Limited	1	-	100
Steel Foundations Limited	1	-	100
Civil Engineering and Plant Hire			
Brooks Contracting Co Limited	1	-	100
Offshore Engineering			
Volker Stevin Drilling Services Limited	1	100	-
Railway Engineering			
Railbouw (UK) Limited	1	100	-

All of the above companies are registered in England and Wales with the exception of Volker Stevin Drilling Services Limited which is registered in Scotland.

(b) Associated Undertaking - GrantRail Limited 1 50

	Share of net tangible assets
Acquisition in year	3,399,999
Share of profit retained by associated undertaking	58,000
At 31 December 1996	3,457,999

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 1996

12. STOCKS

	1996 £	1995 £
Raw materials and consumables	1,348,493	1,692,034
Work in progress	11,673	4,093
Long-term contract balances	37,537	121,441
	<u>1,397,703</u>	<u>1,817,568</u>

13. DEBTORS

	<i>Group</i>		<i>Company</i>	
	1996 £	1995 £	1996 £	1995 £
Trade debtors	3,648,849	2,736,894	-	-
Other debtors	9,003	30,604	351,690	200,000
Prepayments and accrued income	340,323	210,531	-	-
Amounts recoverable on long-term contracts	6,357,250	2,834,128	-	-
Amounts owed by parent undertaking	616,922	400,538	-	400,538
Amounts owed by subsidiary undertakings	-	-	1,043,349	250,602
	<u>10,972,347</u>	<u>6,212,695</u>	<u>1,395,039</u>	<u>851,140</u>

14. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

	1996 £	1995 £
At 1 January	5,787,884	3,401,828
At 31 December	975,571	5,787,884
Change in year	<u>(4,812,313)</u>	<u>2,386,056</u>

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 1996

15. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	£	£	£	£
Obligations under finance leases	33,581	3,000	-	-
Trade creditors	7,886,347	5,908,309	-	-
Current corporation tax	40,620	73,634	49,770	62,155
Other taxes and social security costs	643,231	1,047,755	-	-
Other creditors	46,126	55,102	-	-
Accruals	282,327	415,620	4,603	1,500
Amounts owed to parent undertaking	2,335,652	987,131	179,443	-
Amounts owed to subsidiary undertakings	-	-	678,800	47,607
	<u>11,267,884</u>	<u>8,490,551</u>	<u>912,616</u>	<u>111,262</u>

16. CREDITORS: amounts falling due after more than one year - group

	<i>1996</i>	<i>1995</i>
	£	£
Obligations under finance leases	<u>124,320</u>	<u>8,000</u>

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	<i>1996</i>	<i>1995</i>
	£	£
Amounts payable:		
within one year	33,581	3,000
within two to five years	124,320	8,000
	<u>157,901</u>	<u>11,000</u>
Less: finance charges allocated to future periods	-	-
	<u>157,901</u>	<u>11,000</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	33,581	3,000
Non-current obligations	124,320	8,000
	<u>157,901</u>	<u>11,000</u>

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS(continued)

Analysis of changes in finance leases and hire purchase contracts during the current and previous years:

	1996 £	1995 £
At 1 January	11,000	186,625
Inception of finance lease contracts	-	69,561
Capital element of finance lease rental payments	146,901	(245,186)
At 31 December	<u>157,901</u>	<u>11,000</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES - GROUP

	1996 £	1995 £
Pension obligations	201,880	221,858
Deferred repairs	133,714	197,159
Foreseeable contract losses	188,000	79,836
Sundry risks	215,000	215,000
	<u>738,594</u>	<u>713,853</u>

19. ACCRUALS AND DEFERRED INCOME

	<i>Deferred government grants</i>	
	1996 £	1995 £
Balance as at 1 January	4,836	5,029
Released during the year	(194)	(193)
Balance as at 31 December	<u>4,642</u>	<u>4,836</u>

20. DEFERRED TAXATION

Deferred taxation provided in the accounts and the amounts not provided are as follows:

Group

	<i>Provided</i>		<i>Not provided</i>	
	1996 £	1995 £	1996 £	1995 £
Capital allowances in advance of depreciation	-	100,500	99,000	(56,977)
Other timing differences	-	(100,500)	(182,000)	(109,000)
	<u>-</u>	<u>-</u>	<u>(83,000)</u>	<u>(165,977)</u>

Company

There is no deferred taxation asset or liability either provided or unprovided in respect of the company.

Volker Stevin (UK) Limited

NOTES TO THE ACCOUNTS at 31 December 1996

21. SHARE CAPITAL

	<i>Authorised</i>			
	<i>1996</i>		<i>1995</i>	
	<i>£</i>		<i>£</i>	
Ordinary shares of £1 each	2,000,000		2,000,000	
	<u> </u>		<u> </u>	
	<i>Allotted, called up and fully paid</i>			
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,326,786	1,326,786	1,326,786	1,326,786

22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

(a) Group

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1995	1,326,786	1,503,216	3,665,334	6,495,336
Profit for the year	-	-	183,942	183,942
Dividend	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 1996	1,326,786	1,503,216	3,849,276	6,679,278
Profit for the year	-	-	285,896	285,896
Dividend	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	1,326,786	1,503,216	4,135,172	6,965,174
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Company

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 January 1995	1,326,786	1,503,216	1,757,425	4,587,427
Profit	-	-	509,098	509,098
Dividends	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 1996	1,326,786	1,503,216	2,266,523	5,096,525
Profit	-	-	498,010	498,010
Dividends	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 1996	1,326,786	1,503,216	2,764,533	5,594,535
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
at 31 December 1996

23. COMMITMENTS

There were no capital commitments contracted or authorised by the directors at the year end.

Lease commitments - operating leases.

At 31 December 1996, the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	315,424	99,061
In two to five years	-	-	479,817	204,848
In over five years	30,513	6,000	-	195,002
	<u>30,513</u>	<u>6,000</u>	<u>795,242</u>	<u>498,911</u>

24. PENSION SCHEMES

From 1 January 1994, all of the group's subsidiary undertakings belong to a defined benefit pension scheme. The scheme is funded by the payment of contributions to separately administered trust funds.

The pension cost is assessed in accordance with the advice of professionally qualified actuaries and, in respect of the principal scheme, the pension cost for the year ended 31 December 1996 was £220,219 (1995 - £255,688).

The contributions are determined on the basis of triennial valuations using the attained age method.

The most recent valuation was at 1 January 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 4.5%. The valuation showed that the market value of the schemes' assets was £6,171,796 and that the actuarial value of those assets represented 111% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

25. CONTINGENT LIABILITIES

- There were contingent liabilities in group undertakings in the ordinary course of business in connection with performance bonds for completion of contracts within specification, including responsibility for maintenance.
- There were contingencies in group undertakings in respect of claims and counterclaims on certain contracts at the balance sheet date.

26. RETAINED PROFIT FOR THE YEAR - PARENT COMPANY

The company has taken advantage of the exemption allowed by Section 230 of the Companies Act 1985 from presenting its own profit and loss account.

The consolidated profit of £285,896 (1995 - £183,942) includes profit of £498,010 (1995 - £509,098) which is dealt with in the accounts of the parent company.

NOTES TO THE ACCOUNTS
at 31 December 1996

27. HOLDING COMPANY

The company's ultimate holding company is Royal Volker Stevin NV incorporated in the Netherlands. Copies of the company's accounts may be obtained from its Rotterdam office, Oostmaaslaan 71, 3063 AN, Rotterdam, Netherlands.

The company has taken advantage of the exemption conferred under FRS 8 and has not disclosed related party transactions within the group.