VolkerStevin Services Limited

Annual Report and Financial Statements

Registered number: 08940855

For the year ended 31 December 2020

VolkerStevin Services Limited
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VolkerStevin Services Limited
Company Information

Directors
J Cox (Managing Director)
N A Connell
A R Robertson
J M Suckling
M G Woods

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Registered Office
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EN11 9BX

Trading / Regional Office
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Registered Number
08940855

Principal Bankers

Royal Bank of Scotland plc
135 Bishopsgate
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BNP Paribas Fortis
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Principal activities

VolkerStevin Services Limited is an international contractor providing complex engineering for the Marine sector.

The Company's principal activities are to carry out civil engineering and construction works in overseas territories in close association with a fellow group undertaking, VolkerStevin Limited.

VolkerStevin Services Limited is affiliated with one of the UK's top maritime civil engineering contractors and undertakes a full range of marine engineering works including jetties, port and harbour infrastructure, marinas, marine piling, quay walls, linkspans, submerged tube tunnels, and floating structures.

Business review and future developments

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

Financial key performance indicators

	2020	2019
	£000	£000
Gross profit	**54**	69
Gross profit margin	**Nil**	Nil
Operating result	**75**	33
Operating result margin	**Nil**	Nil
Cash and cash equivalents	**1,547**	1,492
Net assets	**1,501**	1,440

In 2016 the company commenced the Mare Harbour Project (MHP). MHP is the design and construction of the roll-on roll-off (Ro-Ro) facility with the Defence Infrastructure Organisation which will serve the naval base at Mare Harbour on the Falkland Islands. The team completed the main construction activities by March 2018. The client's final takeover of the full facility occurred at the end of December 2018.

The operational and cash performance in 2020 is associated with the closure of the project and resolution of the final account for a major Falklands contract completed in 2018.

There have been no further projects in 2020. The directors continue to pursue several further non-UK based project opportunities however they are mindful that delivering works away from the UK mainland presents a particular set of logistical and operational challenges meaning that the business must carefully appraise each opportunity on its own merits to ensure that if awarded, projects can be completed successfully and profitably.

The Directors consider the result for the year to be satisfactory. Although there was no activity in the Company for 2021, the Directors continue to pursue future non-UK based opportunities.

COVID-19

The impacts of the Coronavirus COVID-19 pandemic continued to be significant in 2020 and throughout 2021. Looking ahead into 2022, although most restrictions have been lifted in the UK, the full extent of the longer-term impact on the construction industry, remains a matter that is under constant review by management.. For further discussion on the risks with regard to the pandemic see the Risk management section of this Strategic report.

Going concern

Given the Company's net current asset position and the lack of fixed cost base, 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).

Corporate responsibility

At VolkerStevin Services Limited, corporate responsibility means ensuring the health, safety and wellbeing of all those impacted by our operations; minimising our impact on the natural environment; operating in a way which is sustainable; and ensuring that we contribute to the communities where we work and wider society, offering social value through all of our activities. Safety will always remain the number one priority for our business and our sector. Ensuring that our people, our subcontractors, members of the public, and all of our stakeholders go home safely each day is our guiding principle.

The board ensures that its decision making enables and supports this objective in both current activities and in the long-term, through active monitoring, challenging and review of key elements of the strategy which are set out in more detail in the relevant sections below.

All aspects of Corporate Responsibility are high on the Board agenda and regular reporting is reviewed, interrogated and further actions and initiatives delivered through a process of continuous improvement. The Health, Safety and Sustainability leadership groups, which are comprised of Board members from VolkerWessels UK and its businesses, ensure delivery of this continuous improvement programme and maintain oversight of the approach to health and safety, sustainability and environment.

During 2020, VolkerWessels UK published its sustainability strategy based on the key themes of People - Planet - Purpose. This sets out clearly the goals and ambitions of VolkerWessels UK in this very important arena and sets out our longer term aspirations for each aspect. Each year the VolkerWessels UK Board will ensure that there is a published update to the achievements against stated objectives in each of these areas.

Health and safety

Central to our corporate responsibility approach is having a culture where our people consistently demonstrate the right behaviours and apply best practice, especially as it relates to health and safety. We continually strive to prevent work related injuries and the ill health of our employees and anyone associated with our activities, while also improving their wellbeing. We maintain the right culture, combined with effective systems, to deliver quality projects in a safe and sustainable manner.

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, delivered through a directly employed occupational health team. In addition to health surveillance, we place particular focus on raising awareness and the importance of maintaining good mental health. This includes training for line managers and supervisors on tackling health risks specific to construction while providing any support and guidance required.

Relevant VolkerStevin Group statistics – health and safety

- Accident Frequency Rate (AFR)[1] of 0.16
- Accident Incidence Rate (AIR)[2] of 382
- Service Strike Rate (SSR)[3] of 0.43
- 38% decrease in hazard/near miss/close call frequency rate, over 5,000 reports raised
- OneRoSPA Gold Medals

The statistics presented above are for the group headed by the Company's immediate parent, VolkerStevin Group Limited, as this information is not available at company level.

Sustainability

Our business strategy seeks to ensure ongoing environmental, social and business sustainability. Construction has a significant effect on the environment. We continually strive to be as socially and environmentally responsible as possible, maximising opportunities for enhancement and mitigating adverse impacts on the environment.

In this current uncertain environmental and economic climate, our capacity to endure, be agile and be resilient will be fundamental to our long-term growth and our ability to future proof our business. Notably, the world is facing a climate emergency. Climate change is progressing even faster than the world's top scientists have predicted and is outpacing our efforts to address it. Bold action with far greater ambition than ever before is needed to address climate change if we are to meet the goals of the Paris Agreement. We will build this adaptive capacity by making decisions informed by our inherent culture to do business in the right way, as well as recognising that social and environmental risks have interdependencies that touch every part of our business and our supply chain.

In 2020 we consolidated our achievements from the past decade and launched our refreshed sustainability strategy. 2020-2030 will be our 'Decade of Action'. We have built on our existing foundations and sound culture and have created a framework that supports our workforce and supply chain in understanding VolkerWessels UK's desire to grow responsibly, with respect for communities and the natural environment, and to leave a legacy we are proud of.

Being a responsible sustainable business embraces everything we do, be it safety, quality, the way we conduct ourselves, the way we respect our surroundings and the way we preserve the future for ourselves, our families, our colleagues and our communities. This framework builds on existing great foundations, aligns our collective ambitions, and enables us to unlock the social value in our operations.

Sustainability (continued)

The three pillars of our responsible and sustainable business are set out below, along with the key areas of focus for each.

1. People - putting people at the heart of our approach

This pillar respects the fact that our workforce is fundamental to the delivery of our framework, and the need to empower our people to be the drivers of sustainable and responsible change. Our people are the foundation of our business, so their safety and wellbeing will remain our priority, as will our desire to ensure our workplace is an inclusive and inspiring place to be.

- **Safety and wellbeing** - The provision of a safe working environment which prevents incidents or injury to our workforce and anyone else affected by our work. Our workforce will be guided to maintaining good mental and physical wellbeing, free from ill-health.
- **Equality, Diversity and Inclusion** - We will ensure that VolkerWessels UK is thoroughly inclusive of people from all lifestyles and is enriched by a diversity of perspectives, cultures and backgrounds, characterised by fairness and equality of opportunity.
- **Empowering sustainable leaders** - Our people will be supported in their ambitions to enhance their own skills, knowledge and experience in order to embrace and instigate sustainable and responsible change and inspire others to follow. The three pillars of our responsible and sustainable business are set out below, along with the key areas of focus for each.

2. Planet - protecting and enhancing our natural environment

Each of our projects is unique and, as such, the environmental risks and opportunities that they present are unique. Our ability to address these risks professionally, combined with creatively assessing the opportunities available to us to deliver no net loss or, better still, net positive solutions, will ensure we act responsibly and proactively.

- **Climate, energy and emissions** - Translating and taking positive action to reduce or, wherever possible, eliminate our adverse impacts on climate change.
- **Responsible management of the environment** - Environmental risks and opportunities will be managed professionally, responsibly and innovatively.
- **Circular economy** - A fully embedded approach to a circular economy which aims to design for sustainability, minimises waste and make the most of resources.

3. Purpose - being a trusted, forward thinking and respected business of choice by delivering long-term social value

Making responsible and forward-thinking choices about the way our projects are executed, and how they will deliver social value, will support our overall vision to be the contractor of choice and encourage us to be a good neighbour in the communities in which we work.

- **Education and Employability** - Raising awareness of the opportunities that exist within VolkerWessels UK and the wider construction industry.
- **Charity, volunteering and community engagement** - Establishing meaningful relationships with charitable bodies and local communities which provide mutually beneficial opportunities.
- **Sustainable supply chain and ethical procurement** - To operate in a fair and ethical manner and publicise our desire to work alongside a network of like minded supply chain partners.

We maintain clearly defined management systems, interfaces and responsibilities that are understood and accepted by all our people and those working with us. It is imperative we maintain a systematic approach to improving business performance in order to achieve our objectives. This includes managing and optimising our activities, to make our processes more effective, more efficient and more capable of adapting to an ever-changing business environment.

Relevant VolkerStevin Group statistics - sustainability

- Planet Mark™ Certification achieved for continuous improvement in reducing carbon emissions from Planet First, an international sustainability certification organisation.[1]
- Between 2019 and 2020, using normalised[2] scope 1 and scope 2 data, CO_2 emissions increased from 26.0tCO_2e/£m of revenue to 43.3tCO_2e/£m. Whilst this appears to be a significant increase relative to the revenue metric, in absolute terms it represents an increase of 530tCO_2e or 7% normalised rise in scope 1 and 2 emissions.
- The largest normalised improvement in scopes 1 and 2 emissions was a 68% reduction in relation to electricity emissions due a shift to REGO certified energy sources during 2020.
- An average score of 40.68 over 53 Considerate Constructors Scheme assessments[3], compared to an industry average of 36.55.
- We have increased the number of electric and hybrid vehicles to 19% of the overall fleet total.

[1] The Planet Mark is a certification programme that recognises commitment to continuous improvement in sustainability. The Programme helps to measure and reduce carbon emissions, energy and water consumption, travel, and the amount of waste members create. Holders of The Planet Mark Business Certification are required to measure and reduce their annual carbon emissions associated with business operations. Each year the new carbon footprint becomes the next year's baseline, thus driving continuous improvement and helping generate our outstanding results.

[2] Normalised data that reflects a like-for-like comparison on the data and emission sources between 2019 and 2020. This means we only use the data sources that are common between last year and the current year.

[3] The CCS assessments are an industry standard. CCS is a not-for-profit, independent organisation founded to raise standards in the construction industry. Construction sites, companies and suppliers voluntarily register with the Scheme and agree to abide by the Code of Considerate Practice, designed to encourage best practice beyond statutory requirements. To establish compliance, and recognise performance beyond compliance, Scheme Monitors will visit offices, depots and individual projects or work areas, and will use the appropriate Checklist to confirm a score against each of the five Code headings – appearance, community, environment, safety and workforce.

Integrity

Maintaining a reputation for high standards of business conduct is of paramount importance to us and we expect all workers and all members of our supply chain to behave with integrity at all times. Indeed, integrity is one of our core values and this underpins all of our decisions, actions and behaviours.

Every one of our workers and those who work closely with us are accountable. We expect our people to be open and honest, to run our business ethically and to be morally strong. Long-term success is dependent on the recruitment, development, wellbeing and retention of exceptional people that share the right core values and culture.

We have a zero-tolerance attitude towards fraud and unethical behaviour. We consistently maintain effective oversight and scrutiny processes, carried out with independence and impartiality. This is supported by a full suite of policies to ensure that all our activities are conducted to the highest ethical standards.

Our integrity policies (which include expected behaviours in relation to all matters relating to integrity, anti-bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing), together with our core values, set out the standards and policies under which all of our employees must operate. These combined with our corporate responsibility commitments, provide the framework and guidance for operating in an open, honest, ethical and principled way.

Our core values and policies explain how we should behave in the workplace, the marketplace and the communities in which we operate. They also describe how we should handle various legal and ethical matters. Our suppliers and contractors are required to comply with the standards of behaviour set out in these policies via suitable provisions included in their contracts with us. All members of staff, including Directors must complete mandatory online integrity training and our suite of policies relating to integrity matters have all been approved by the VWUK Directors.

Giving back to the community

The business is 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 – be they infrastructure or buildings – but also a less tangible legacy by supporting local communities, through engagement with schools, through charitable activity and by supporting local organisations.

Our offices and sites work hard to embed themselves in the communities in which they work. We respect people and their local environment. 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 dedicated customer experience teams engage with communities across the country to minimise the impact of our construction works and maximise the social value we add. Despite the challenges that 2020 presented us with, in particular the inability to carry out face to face engagement, our teams quickly adapted hosting virtual consultation events, regular teams meetings with: flood action group members, parish councils and local residents as well as increased phone and email contact with all of our projects key stakeholders and local residents. In total the team engaged with 2,386 residents, as well as delivering 63,431 letters and newsletters to help keep residents informed. We have developed virtual information hubs on high impacting customer projects, to ensure that the information previously displayed in our customer visitor centres is still readily accessible in a virtual format. We have also developed of a community engagement app to enhance two-way communication with communities. Combining both traditional face to face communication and new advanced means of communication, has allowed our teams to engage with a wider audience across our projects in 2020.

Our Community Fund, which donates money to charities that our staff actively support, allied to the efforts of sites around the country raised over £5,113 to support charities, community events and societies. Despite the inability to run organised events, our customer experience team have continued to support the local communities in which we work by: donating surplus materials to local charities, organising food bank collections, supporting residents and businesses following flood devastation, raising funds for local sports groups and sponsoring team kits, organising tree cutting initiatives with schools, as well as continuing carrying out beach cleaning and litter picking days. We also supported the communities in which we worked with some of the challenges faced due to the Coronavirus pandemic. For instance, at Mytholmroyd we have erected fencing around a pub beer garden to help a local landlord comply with social distancing measures and to ensure customers comply with the one way system of entry and exit.

We work collaboratively with our clients to deliver bespoke customer and community programmes which is recognised and appreciated by our clients. Our team received 55 'WOW' awards from United Utilities in 2020. We delivered Xceed Customer Service training to over 100 staff, highlighting the importance of customer service in everything we do and making each individual aware of their potential contribution.

We provide careers advice and support to local schools and higher education facilities, to encourage more people into the wide range of careers construction has to offer. We actively support STEM and Women in Construction events, with several employees volunteering their time and expertise to act as STEM Ambassadors. One employee has been appointed as Chair of the North West branch of the Institution of Civil Engineers and we look to support the efforts of industry bodies wherever possible.

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 contract 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.

Health, safety and quality

Risk and Impact

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.

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.

Mitigation

- Culture, policy and strategy established by effective leadership.
- Clearly defined management systems, registered to ISO standards.
- Interfaces and responsibilities that are understood and accepted by all.
- Board level focus on all HSEQ matters.
- Behavioural safety programmes, mental health and well-being programmes.
- Corporate governance, inspection and audit.

Pre-construction

Risk and Impact

It is our vision to lead the Industry in our approach to project risk management which starts at the pre-construction stage.

Failure to identify, estimate and manage accurately the key risks associated with the project deliverables, design, partner selection programme, price including the impact of inflation, and the contractual terms could result in financial losses.

Mitigation

- Listening to our clients to meet and exceed their expectations in all areas including risk allocation.
- Defined delegated authority levels for approving all tenders.
- Focused, risk-based approach to tendering with margin and allowances commensurate with risk.
- Systematic divisional and central reviews and challenge of the quality of our submissions and pricing.
- Forum group reviewing current processes and implementing additional/improved systems where required.
- Ensuring lessons learnt applied through tender review processes.

Engineering and operational delivery

Risk and Impact

Successful delivery of our complex engineering and construction projects is dependent on the effective implementation and maintenance of operational and commercial procedures and controls.

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.

Mitigation

- 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.
- Recruitment and retention of capable people and supply chain.
- Procure quality components through sustainable and ethical *sourcing*.
- Deliver projects that demonstrate excellence in design and construction.
- Ensure high quality standards through audit and application of lessons learnt.

Environmental

Risk and Impact

We are very 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.

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.

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 Company 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.

Mitigation

- Culture, policy and strategy established by effective leadership.
- Board level focus on all environmental matters including monitoring of environmental KPIs such as carbon footprint, energy consumption and waste.
- Our integrated management system encompassing procedures for the protection of the natural environment.
- 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.
- Maintenance of an environmental management system which assesses environmental conditions which may affect our activities at both fixed offices and our construction projects.
- Interfaces and responsibilities that are understood and accepted by all, supported by behavioural programmes, inspection and audit.
- As part of our ongoing carbon reduction strategy we are currently reviewing our carbon reduction targets, including the date for when we intended to be net-zero.

Risk management (continued)

Systems and processes

Risk and Impact	*Mitigation*
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. 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. IT system failure arising from new system integration and/or implementation could result in lack of access to critical data. 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.	• Continue investing in systems and processes that enable efficient and effective operations • Clearly defined management systems, interfaces and responsibilities that are understood and accepted by all • Monitor and control all aspects of IT systems access and performance • Appropriate contingency plans to mitigate risk of systems loss • New systems are only deployed after full testing • Regular review and testing of data security controls • Established Cyber programme with robust security arrangements and active monitoring • Ensure any adopted joint venture partner's systems are fit for purpose and conform with the above

Adequacy of insurance

Risk and Impact	*Mitigation*
We maintain appropriate insurance programmes to mitigate against significant losses in line with general industry practice. Lack of adequate insurance cover could result in potential financial loss or penalties.	• Suitable arrangements exist to underpin and support the operations and services • Regular review of our position with our broker and insurers to ensure that the optimum cover is in place

Financial risk

Risk and Impact	*Mitigation*
It is essential to fully understand the financial position of our partners in all of our contractual relationships. Failure of our partners including financial institutions, customers, joint-venture partners and our supply chain could potentially affect short-term cash flows.	• Due diligence including credit reviews of our clients, partners, supply chain and other stakeholders. • Insure credit where appropriate to do so. • Procedures to monitor and forecast cash flow. • Committed credit facilities to ensure we have adequate cash when required.

Fraud

Risk and Impact	*Mitigation*
Our 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. 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.	• Compliance Officer reporting directly to the Board. • Specific preventative and review controls, reviewed regularly by the Board. • Zero tolerance attitude towards fraud and unethical behaviour. • Integrity clearly stated as one of our core values. • Compulsory training programmes for different levels of the organisation.

Political, market and economic risk

Risk and Impact	*Mitigation*
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. 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.	• 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. • 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 and the economy.

Risk management (continued)

Change in the UK's EU status

Risk and Impact	*Mitigation*
The decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. Specific risks include: • the potential for increased material costs as a result of exchange rate differences on materials imported; • border controls and increased administration; • potential delays to construction programmes from delays in acquiring and receiving materials; and • skills deficiencies arising from difficulties in obtaining EU workers within the supply chain.	• The UK Board is actively monitoring the impact of the UK exiting the EU including the potential for market stimulation by the UK government, freedom of movement of labour, impact on the supply chain and commodity prices and we will adapt our strategy as necessary. • All necessary registrations have been put in place and our teams trained on how to manage the importation of goods and services following the exit from the European Union. We are supporting relevant team members in appropriately managing any complexities arising from border controls and changes to immigration requirements. • The British Government continues to see infrastructure as the foundation on which the economy is built, and the pipeline across general infrastructure, energy, water and transport sectors is expected to generate significant growth across the UK. This creates extensive opportunities for our business, which is well positioned in a number of key infrastructure sectors.

Ability to continue to operate during a pandemic

Risk and Impact	*Mitigation*
A global pandemic could have the potential to disrupt business continuity either as a result of illness of employees or our supply chain, or isolation to avoid illness including forced shut down of work sites for a prolonged period of time. Specific risks include: • The operations of the business may not be able to continue due to inability to travel to normal place of work; • Adequate digital solutions may not be in place; • Loss of income due to reduced economic activity; • Cash flow challenges due to the change in circumstances; • Challenges in putting in place adequate working facilities to respect any social distancing or other new health and safety requirements; and • Impacts on clients and supply chain having a knock on impact on our business, including potential business failures and funding issues within the value chain.	• Business continuity measures in place to react and adjust to any event which may disrupt the ordinary course of business. • Technology enabled people with numerous remote working options to enable core support to continue during any enforced shutdown. • Ensure dialogue with clients to ensure a minimum of disruption and reduction to revenues. • 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. • Maintain good cash balances and ensure measures in place to manage short term cash flow challenges through work site closures and corresponding reduction of revenues. • The health of our people is paramount and we have developed procedures in line with government recommendations to limit the spread of infection. Ensure that all appropriate measures are taken to safeguard the workforce whether on site or in offices. • Ensure appropriate contractual mechanisms in place to mitigate and limit the risk of failures and funding issues within the value chain.

Security/terrorist threat

Risk and Impact	*Mitigation*
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.	• Business continuity measures in place to react and adjust to any event which may disrupt the ordinary course of business. • Insurance is in place in respect of damage. • Close collaborations with clients (who usually hold protestor risk in construction contracts).

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

Supply chain

Our supply chain partners form an integral part of the Company's commitment to offering our clients a quality service, in line with our Strategic pillars of growth. 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. Our supply chain is thoroughly assessed against key indicators including health and safety performance, design and technical capability, financial strength and sustainable ethical working practices with an active encouragement of micro, small and medium enterprises alike. We seek feedback from our supply chain during many meetings and supplier days underpinned by our annual '360' survey.

The Board approves large orders in accordance with an agreed authorisation matrix. Business to Business meetings are held with our largest suppliers and subcontractors prior to the start of a large project and periodically, as appropriate. The Group does not engage in reverse factoring or other supplier financing arrangements.

During the year, due to COVID-19 and the general disruption to everyday working lives whilst we have continued to maintain strong and proactive one to one dialogue with our many supply chain partners, we have been unable to run our usual supply chain forums. In 2021 we intend to re-commence these again, initially with online versions and then hopefully later in the year with face to face meetings and events. Historically we have run a number of supplier forums and specialist workshops with suppliers and staff in attendance promoting specific contracts, innovation or areas of mutual interest. Many more contract focused meetings and communications have also been held on a one to one basis as part of our strategy to closely engage with and support our supply chain throughout the year. During 2022 we will be introducing an improved Enterprise Resource Planning system based on a construction specific version of Microsoft Business Central. We will be sharing our plans with our supply chain in this area during 2021 such that we can work together with them to further improve our ongoing exchanges of information.

Since May 2013 VolkerWessels UK has been compliant with the Prompt Payment Code, sponsored by the Department for Business, Energy & Industrial Strategy. All large entities within the Group are signatories of the code. Under the code we undertake to:

- Provide suppliers with clear and easily accessible guidance on payment procedures
- Pay suppliers on time within the terms agreed at the outset of the contract and without attempting to change payment terms retrospectively on correctly presented invoices
- Ensure there is a clearly communicated system for dealing with queries, complaints and disputes
- Advise promptly if there is a valid reason why an invoice will not be paid to the agreed terms
- Encourage best practice in everything we do not only in financial and compliance terms but also EDI, sustainability, design management and innovation
- Request that our suppliers encourage adoption of the code throughout their own supply chains.

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

J Cox

J Cox
Director
28 February 2022

Company registered number: 08940855

VolkerStevin Services Limited
Hertford Road
Hoddesdon
Hertfordshire
EN11 9BX

VolkerStevin Services Limited
Directors' Report
for the year ended 31 December 2020

The Directors present their annual Directors' Report and audited financial statements for the year ended 31 December 2020.

Dividends

The Directors do not recommend the payment of a final dividend (2019: £nil). No interim dividend was paid during the year (2019: £nil).

Directors

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

J Cox	(appointed 19 November 2021)
J M Suckling	(appointed 1 February 2021)
N A Connell	
A R Robertson	
M G Woods	
A R Towse	(resigned 4 November 2021)
R D Coupe	(resigned 1 February 2021)
L Taylor	(resigned 1 February 2021)

Directors' indemnities

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

Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year (2019: £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 12 of the financial statements.

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.

J Cox
Director
28 February 2022
VolkerStevin Services Limited
Company registered number: 08940855

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Directors' Responsibilities Statement
for the year ended 31 December 2020

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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Services Limited for the year ended 31 December 2020

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 15.

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

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. 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 about their own identification and assessment of the risks of irregularities.

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 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. Those that are fundamental to the operations of the company included the Bribery Act, employee laws, carbon reduction regulations, health and safety and environment matters.

We discussed among the audit engagement team, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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; assessing 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.

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 ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 February 2022

VolkerStevin Services Limited
Income Statement
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Cost of sales		**54**	69
Gross profit		**54**	69
Administrative expenses		**21**	(36)
Operating profit		**75**	33
Financial income	*6*	**-**	1
Profit before tax	*3*	**75**	34
Income tax	*7*	**(14)**	(7)
Profit for the year		**61**	27

All results derive from continuing operations.

The notes on pages 19 to 26 form an integral part of the financial statements.

VolkerStevin Services Limited
Statement of Financial Position
as at 31 December 2020

	Note	**2020**	2019
		£000	£000
Current assets			
Trade and other receivables	*8*	**6**	103
Cash and cash equivalents	*9*	**1,547**	1,492
Total assets		**1,553**	1,595
Equity			
Share capital	*11*	**-**	-
Retained earnings		**1,501**	1,440
Total equity		**1,501**	1,440
Current liabilities			
Trade and other payables	*10*	**38**	148
Tax payable		**14**	7
Total liabilities		**52**	155
Total equity and liabilities		**1,553**	1,595

These financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:

J Cox
Director
Company registered number: 08940855

The notes on pages 19 to 26 form an integral part of the financial statements.

VolkerStevin Services Limited
Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019	-	1,413	1,413
Comprehensive income			
Profit for the year	-	27	27
Total comprehensive income	-	27	27
Balance at 31 December 2019	-	1,440	1,440
Balance at 1 January 2020	-	1,440	**1,440**
Comprehensive income			
Profit for the year	-	61	**61**
Total comprehensive income	-	61	**61**
Balance at 31 December 2020	**-**	**1,501**	**1,501**

The notes on pages 19 to 26 form an integral part of the financial statements.

VolkerStevin Services Limited
Cash Flow Statement
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows relating to operating activities			
Profit for the year		**61**	27
Adjustments for:			
Financial income	*6*	**-**	(1)
Income tax	*7*	**14**	7
Operating cash flows before movements in working capital		**75**	33
Decrease in trade and other receivables		**97**	848
Decrease in trade and other payables		**(110)**	(1,451)
Cash from / (used in) operating activities		**62**	(570)
Tax paid		**(7)**	(86)
Net cash from / (used in) operating activities		**55**	(656)
Net increase/(decrease) in cash and cash equivalents		**55**	(656)
Cash and cash equivalents at 1 January		**1,492**	2,148
Cash and cash equivalents at 31 December	*9*	**1,547**	1,492

The notes on pages 19 to 26 form an integral part of the financial statements.

1 General information

The Company is incorporated and domiciled in the UK. The Company is a private company limited by shares under the Companies Act 2006 and is registered in England and Wales. The principle 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 2.12.

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 9. In addition, note 12 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") for a minimum of 12 months from the signing of these financial statements. In completing this analysis the Directors of the Company have considered the commitment and ability of the Group to continue provide such finance. See note 12(c).

Given the Company's net current asset position and the lack of fixed cost base, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing the financial statements. Although there was no activity in the Company for 2021, the Directors continue to pursue future opportunities. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Foreign currency

Transactions in currencies other than the entity's functional currency (Pounds 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.

2.5 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 Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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 Group 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.

2.9 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.

2.10 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 Accounting policies (continued)

2.11 Taxation

Tax on the profit 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.

2.12 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 2020 are listed below:

- Amendments to references to Conceptual Framework in IFRS Standards (effective 1 January 2020)
- Amendments to IFRS 3 'Business Combinations' - Definition of a business (effective 1 January 2020)
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material (effective 1 January 2020)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020)
- Interest Rate Benchmark Reform 'Phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2021)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) (effective 1 June 2020)

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:

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective 1 April 2021)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (effective 1 January 2022)
- References to Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022)
- 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)

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.

3 Profit before tax

Profit before tax is stated after charging:

	2020	2019
	£000	£000
Auditor's remuneration		
- audit of these financial statements	**5**	20

4 Staff numbers and costs

The Company did not employ any staff during this or the previous year. All staff costs are recharged through management expenses from other group companies and allocated to relevant contracts and administrative expenses.

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	**-**	3
	-	3

The emoluments of the highest paid Director were £nil (2019: £3k) and company pension contributions of £nil (2019: £nil) were made to a money purchase scheme on his behalf. No Directors are remunerated through the Company (2019: 1). The Directors are remunerated through other Group companies.

6 Financial income

	2020	2019
	£000	£000
Net foreign exchange gains	**-**	1
Total financial income	**-**	1

7 Income tax

a) Analysis of the tax recognised in the income statement

	2020	2019
	£000	£000
Current tax expense		
UK corporation tax:		
Current year	**14**	7
Current tax expense	**14**	7
Total tax expense	**14**	7

b) Reconciliation of effective tax rate

The total tax expense for the year is equal (2019: equal) to the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£000	£000
Profit for the year	**61**	27
Total tax expense	**14**	7
Profit before taxation	**75**	34
Tax using the UK corporation tax rate of 19% (2019: 19%)	**14**	7
Changes in tax rates	**-**	-
Total tax expense	**14**	7

7 Income tax (continued)

c) Factors that may affect future current and total tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and Finance Bill 2016 on 15 September 2016. These include reductions in the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

In the Budget on 11 March 2020, it was announced that the previously enacted reduction in the main rate of corporation tax to 17% from 1 April 2020 was not going to not occur, and the applicable rate remained at 19%. As substantive enactment was after the balance sheet date, deferred tax balances as at 31 December 2019 continued to be measured at a rate of 17%.

In the Budget on 3 March 2021 the corporation tax rate was increased to 25% from April 2023.

8 Trade and other receivables

	2020	2019
	£000	£000
Amounts owed by group undertakings (note 14)	**-**	98
Other receivables	**6**	5
	6	103
Current	**6**	103
Non-current	**-**	-
	6	103

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

9 Cash and cash equivalents

	2020	2019
	£000	£000
Cash	**1,547**	1,492
	1,547	1,492

10 Trade and other payables

	2020	2019
	£000	£000
Trade payables	**38**	120
Non trade payables and accrued expenses	**-**	28
	38	148
Current	**38**	148
Non-current	**-**	-
	38	148

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

Included within Trade payables are contract accruals of £38k (2019: £120k), which comprises of amounts due to subcontractors, goods received not yet invoiced and other contract related accruals.

11 Share capital

	Number of shares	Ordinary shares £
Authorised, allotted, called up and fully paid ordinary shares of £1		
At 1 January and 31 December 2019	1	1
At 1 January and 31 December 2020	**1**	**1**

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.

12 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.

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

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

	Note	2020 £000	2019 £000
Financial assets at amortised cost			
Trade and other receivables	*8*	**6**	98
Cash and cash equivalents	*9*	**1,547**	1,492
Total financial assets at amortised cost		**1,553**	1,590
Total financial assets		**1,553**	1,590
Financial liabilities at amortised cost			
Trade and other payables	*10*	**38**	120
Total financial liabilities at amortised cost		**38**	120
Total financial liabilities		**38**	120
Total financial instruments		**1,515**	1,470

Trade and other receivables above exclude prepayments.

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

12 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 and trade and other receivables. 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. 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'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 2.8).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure which was £1,553k at 31 December 2020 (2019: £1,590k).

There was no exposure to credit risk for trade receivables at the year-end.

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
2020			
Trade and other payables	38	38	38
	38	**38**	**38**
2019			
Trade and other payables	120	120	120
	120	120	120

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.

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 2020 and 2019.

13 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 no provision is required 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 £17k (2019: £9,986k), which included an amount of £nil (2019: £nil) relating to the government's VAT Payment Deferral Scheme.

14 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:

	2020	2019
	£000	£000
Short-term employee benefits	-	3
	-	3

Related party transactions with fellow group undertakings

Related party transactions with fellow group undertakings are summarised below:

Amounts owed by undertakings	**Parent undertaking**	**Fellow subsidiary undertakings**	**Total**
2020	**£000**	**£000**	**£000**
At start of year	-	**98**	**98**
Sales/Income	-	-	-
Receipts	-	**(98)**	**(98)**
At end of year	-	-	-

Amounts owed by undertakings	**Parent undertaking**	**Fellow subsidiary undertakings**	**Total**
2019	**£000**	**£000**	**£000**
At start of year	-	946	946
Sales/Income	-	(848)	(848)
Receipts	-	-	-
At end of year	-	98	98

Amounts owed to undertakings	**Parent undertaking**	**Fellow subsidiary undertakings**	**Total**
2020	**£000**	**£000**	**£000**
At start of year	-	-	-
Expenses	-	**23**	**23**
Payment	-	**(23)**	**(23)**
At end of year	-	-	-

14 Related parties (continued)

Amounts owed to undertakings	**Parent undertaking**	**Fellow subsidiary undertakings**	**Total**
2019	**£000**	**£000**	**£000**
At start of year	-	1,233	1,233
Expenses	-	2	2
Payment	-	(1,235)	(1,235)
At end of year	-	-	-

Terms and conditions of transactions with related parties

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

15 Parent and ultimate controlling party

The Company is a subsidiary undertaking of VolkerStevin Group 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 Group Limited, the largest UK group in which the results of the Company are consolidated is that headed by VolkerWessels UK Limited. Both VolkerStevin Group Limited and VolkerWessels UK Limited are incorporated in England. Copies of their consolidated financial statements may be obtained from 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 its Amersfoort office: Podium 9, 3826 PA Amersfoort, P.O. Box 2767, 3800 GJ Amersfoort, The Netherlands.