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**VolkerStevin Services Limited**  
**Annual Report and Financial Statements**  
**Registered number: 08940855**  
**For the year ended 31 December 2019**

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# **VolkerStevin Services Limited**

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## **VolkerStevin Services Limited**

### **Company Information**

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#### **Directors**

R D Coupe  
N A Connell  
A R Robertson  
L Taylor  
A R Towse  
M G Woods

#### **Auditor**

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

#### **Registered Office**

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

#### **Trading / Regional Office**

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

#### **Registered Number**

08940855

#### **Principal Bankers**

Royal Bank of Scotland plc  
135 Bishopsgate  
London  
EC2M 3UR

BNP Paribas Fortis  
10 Harewood Avenue  
London  
NW1 6AA

# VolkerStevin Services Limited

## Strategic Report

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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.

This report was prepared at a time of unprecedented uncertainty due to the global COVID-19 pandemic. Whilst this did not affect the financial performance for the year ended 31 December 2019, it is clearly important to explain how we have responded as a business.

Paramount to our operations are our people and their health and safety. First and foremost, we have complied with government guidelines, ensuring that the wide variety of tasks that are undertaken on a daily basis have been modified as required to accord with the guidance. In addition, the business is providing support to all its workers to ensure they can continue to work either on site or remotely, with those whose roles permit them to working from home. For colleagues in key operational roles, we have ensured strict safety requirements, hygiene education, appropriate PPE and social distancing measures. We have also taken steps to protect our colleagues who are considered the most vulnerable across the business.

The business has also been working closely with customers and suppliers to ensure that where possible service levels and payment practices continue on a 'business as usual' basis and liaising with government to ensure that the industry perspective and needs are considered in policy decision making. Our teams remain operational and we are grateful to the efforts our whole workforce are making as well as our supply chain partners who support us.

### Business review and future developments

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

#### Financial key performance indicators

	2019 £000	2018 £000
Revenue	-	1,523
Gross profit	69	534
Gross profit margin	-	35.1%
Operating result	33	531
Operating result margin	-	34.9%
Cash and cash equivalents	1,492	2,148
Net assets	1,440	1,413

Trading conditions in the UK remained difficult throughout 2019 with a continued lack of clarity to business around the UK's future relationship with the EU a key factor. During 2019, in the absence of clarity over the future for the UK, confidence generally weakened, and economic growth remained subdued. In response to this economic headwind the Government remained bullish in its forecasts for investment in infrastructure over the next few years and following the general election there is now more clarity concerning the UK's exit from Europe. This provides some comfort to the construction industry, however the speed of key decision making to bring specific project investment forward does not yet appear to be in line with these aspirations in all cases. For further discussion on the risks with regard to the UK's relationship with the EU see the risk section of this strategic report.

The industry has also faced challenges from within this year with several large publicly listed contractors either entering insolvency or having to take urgent action to address high levels of debt on their statement of financial position. Whilst these issues have had limited impact on our business, they have quite rightly prompted stakeholders to review industry practices and the adequacy of related regulation, a process which has had, and will likely continue to have, implications for all players in the sector, particularly those that contract with public bodies.

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 2019 is associated with the closure of the project and resolution of the final account.

There have been no further projects in 2019. 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 period to be satisfactory. It is anticipated that the Company will have no activities in 2020 and will remain so for the foreseeable future.

# VolkerStevin Services Limited

## Strategic Report

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### COVID-19

Looking ahead, we must recognise that the impacts of the Coronavirus COVID-19 pandemic are expected to be significant during 2020 and the full extent of the impact on the construction industry, and indeed the nation as a whole is not yet fully understood. For further discussion on the risks with regard to the pandemic see the risk 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).

The outbreak of COVID-19 is a very significant humanitarian and economic event facing many businesses. It has become clear that this will result in a significant economic slowdown, if not recession, in the months ahead. In this period of uncertainty, it is very difficult to make forward looking statements or predictions with any great certainty. However, we believe that the impact of COVID-19 will be a temporary disruption and will ultimately pass.

### Corporate responsibility

We are committed to maintaining the highest standards of health and safety, sustainability and integrity throughout all our business activities. 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 VolkerWessels UK ("VWUK") health, safety and environmental leadership group, which is comprised of Board members from VWUK and its business units, ensure delivery of this continuous improvement programme and maintain oversight of the VWUK approach to health and safety, sustainability and environment.

### 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, supported by senior manager commitment and good governance. This is demonstrated by:

- Health and Safety is the first item on the agenda at the monthly SMG.
- A HSEQ steering group meet quarterly with Director level representation from each business stream.
- A Safety Ripple working Group meets monthly to work on continual improvement in our behaviour change approach.
- Serious incident reviews are undertaken, co-chaired by the Head of HSEQS and the Business Unit Director where there are incidents with potentially serious consequences.
- Senior Manager tours focused on workforce engagement across every part of the business.

We continually strive to prevent work related injuries and the ill health of our workers 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.

Our behaviour change programme has now been running for four years and continues to be the cornerstone of continual improvement on health and safety in the business and across our sites. The core principles are:

- Positivity
- Inclusion
- Future/solution focused

The success of the approach is evident through our continued record low accident frequency rate across the VWUK Group. We now have over 150 safety champions across the VWUK Group and the programme is integrated into the way we work on all our projects.

Across the VWUK Group our continued high standards of health and safety have also been awarded the ROSPA Gold medal, awarded for ten consecutive years of good governance and performance.

This year has also seen an increased focus on wellbeing, with 26 mental health champions across the VWUK Group, and the role out of the "Keeping the Pieces Together" workshop.

In 2019 the VWUK Group achieved significant, and our most successful, reductions across the range of safety performance indicators. These results reflect our lowest recorded year-end safety results and our best safety performance to date, well below industry averages.

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. Volunteer Mental Health Champions from site and office teams have been provided with two days of training in how to help their colleagues who may be struggling with stress, anxiety or personal problems, and our monthly programme of targeted wellbeing initiatives continues to go from strength to strength in providing advice on diet, work/life balance and exercise.

# VolkerStevin Services Limited

## Strategic Report

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### Sustainability

Our VWUK Group 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 will consolidate our achievements from the past decade and launch 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 Group'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.

The three pillars of our responsible and sustainable business are:

- People: *Putting people at the heart of our approach*
- Planet: *Protecting and enhancing the natural environment*
- Purpose: *Being a trusted, forward thinking and respected business of choice*

We are aware of the effects that our activities have on the environment and accept responsibility for future generations by limiting our impact. We continually seek to be as socially and environmentally responsible as possible, maximising opportunities for enhancement and mitigating adverse impacts on the environment and society more generally.

**Our key areas of focus within these three pillars are:**

- 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, minimise waste and make the most of resources.
- Sustainable Supply Chain and Ethical Procurement: To operate in a fair and ethical manner and publicise our desire to work alongside a network of likeminded supply chain partners.
- Education and Employability: Raise awareness of the opportunities that exist within the construction industry and ultimately promote VolkerWessels UK as the employer of choice.
- Equality, Diversity and Inclusion: We will ensure that VolkerWessels UK is thoroughly inclusive of people from all lifestyles and enriched by a diversity of perspectives, cultures and backgrounds, characterised by fairness and equality of opportunity.
- Charity, Volunteering and Community Engagement: Established and meaningful relationships with charitable bodies and local communities which provide mutually beneficial opportunities.

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 certificate achieved for the 8th year running to certify that "Volker Wessels UK has achieved a reduction in its carbon footprint per unit revenue and is committed to continuous improvement in sustainability".
- 90.4% of waste diverted from landfill.
- Partner member of the Considerate Constructors Scheme (CCS) with an average score of 42.14 out of 50 across our projects in 2019 (based on 14 site visits).
- 3 Considerate Constructors Scheme (CCS) Awards: (Ipswich, Tidal Barrier, Mytholmroyd, Dover).
- CEEQUAL Exceptional Achievement Awards: (2\*Colwyn Bay, VSD the Avenue).

# VolkerStevin Services Limited

## Strategic Report

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### 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.

Our decision making is linked to ethical values, compliance with corporate, legislative and other requirements, and we are always prepared to seek further improvements.

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 VWUK Group 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 team engages with communities across the country to minimise the impact of our construction works and maximise the social value we add. We recorded 1,867 residents' visits to our Customer Visitor Centres in 2019 to meet our project teams, see how works are progressing by viewing the latest aerial photography, or simply have a brew and a chat. We also delivered 38,385 letters and newsletters to help keep residents informed. At Anchorsholme, on the Fylde coast, the neighbouring bowling club appreciated the site team's efforts to the extent that they made a 'thank you' presentation to the staff at site and in our head office.

Our Community Fund, which donates money to charities that our staff actively support, allied to the efforts of sites around the country raised over £12,000 to support charities, community events and societies. Our customer experience team has organised a range of activities including coffee mornings, hikes up Scafell and Snowdon, food bank collections and Christmas parties for local and national charities. They have led volunteer groups from our project teams in enhancing the local communities in which we work, for example by carrying out beach cleaning and litter picking days and engaged local school and community groups through poster competitions and safety talks.

Across the VWUK Group we delivered Xceed Customer Service training to over 100 office-based staff as part of National Customer Service Week, 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 VWUK Group employees volunteering their time and expertise to act as STEM Ambassadors.

### 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.

<i>Risk and Impact</i>	<i>Health, safety and quality</i>	<i>Mitigation</i>
We recognise that we have a duty of care for the health, safety and welfare of our workers and those that may be affected by our activities.	<ul style="list-style-type: none"> <li>• Culture, policy and strategy established by effective leadership</li> <li>• Clearly defined management systems, registered to ISO and OHSA standards</li> <li>• Interfaces and responsibilities that are understood and accepted by all</li> <li>• Board level focus on all HSEQ matters</li> <li>• Behavioural programmes and Health and well-being programmes</li> <li>• Corporate governance, inspection and audit</li> </ul>	
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.		

<i>Risk and Impact</i>	<i>Pre-construction</i>	<i>Mitigation</i>
It is our vision to lead the Industry in our approach to project risk management which starts at the pre-construction stage.	<ul style="list-style-type: none"> <li>• Listening to our clients to meet and exceed their expectations in all areas including risk allocation</li> <li>• Defined delegated authority levels for approving all tenders</li> <li>• Focused, risk-based approach to tendering with margin and allowances commensurate with risk</li> <li>• Systematic divisional and central reviews and challenge of the quality of our submissions and pricing</li> <li>• Forum group reviewing current processes and implementing additional/improved systems where required</li> <li>• Ensuring lessons learnt applied through tender review processes</li> </ul>	
Failure to identify, estimate and manage accurately the key risks associated with the project deliverables, programme, price including the impact of inflation, and the contractual terms could result in financial losses.		

<i>Risk and Impact</i>	<i>Engineering and operational delivery</i>	<i>Mitigation</i>
Successful delivery of our complex engineering and construction projects is dependent on the effective implementation and maintenance of operational and commercial procedures and controls.	<ul style="list-style-type: none"> <li>• Recruitment and retention of capable people and supply chain</li> <li>• Procure quality components through sustainable and ethical sourcing</li> <li>• Deliver projects that demonstrate excellence in design and construction</li> <li>• Ensure high quality standards through audit and application of lessons learnt</li> <li>• Appropriate insurance policies in place</li> </ul>	
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.		

<i>Risk and Impact</i>	<i>Environmental</i>	<i>Mitigation</i>
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.	<ul style="list-style-type: none"> <li>• Culture, policy and strategy established by effective leadership</li> <li>• Board level focus on all environmental matters including monitoring of environmental KPIs such as carbon footprint, energy consumption and waste</li> <li>• Our integrated management system encompassing procedures for the protection of the natural environment</li> <li>• Our corporate responsibility framework and the setting of sustainability goals facilitates our responsible attitude towards playing our part in protecting the ecosystems in which we work and wherever possible enhancing the environment in which we work and live</li> <li>• Maintenance of an environmental management system which assesses environmental conditions which may affect our activities at both fixed offices and our construction projects</li> <li>• Interfaces and responsibilities that are understood and accepted by all, supported by behavioural programmes, inspection and audit</li> </ul>	
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. VW UK 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.		



# VolkerStevin Services Limited

## Strategic Report

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### Risk management (continued)

<i>Systems and processes</i>	
<i>Risk and Impact</i>	<i>Mitigation</i>
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.	<ul style="list-style-type: none"> <li>Continue Investing in systems and processes that enable efficient and effective operations</li> <li>Clearly defined management systems, interfaces and responsibilities that are understood and accepted by all</li> <li>Monitor and control all aspects of IT systems access and performance</li> <li>Appropriate contingency plans to mitigate risk of systems loss</li> <li>New systems are only deployed after full testing</li> <li>Regular review and testing of data security controls</li> <li>Established Cyber programme with robust security arrangements and active monitoring</li> </ul>
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.	
<i>Adequacy of insurance</i>	
<i>Risk and Impact</i>	<i>Mitigation</i>
We maintain appropriate insurance programmes to mitigate against significant losses in line with general industry practice.	<ul style="list-style-type: none"> <li>Suitable arrangements exist to underpin and support the operations and services</li> <li>Regular review of our position with our broker and insurers to ensure that the optimum cover is in place</li> </ul>
Lack of adequate insurance cover could result in potential financial loss or penalties.	
<i>Financial risk</i>	
<i>Risk and Impact</i>	<i>Mitigation</i>
It is essential to fully understand the financial position of our partners in all of our contractual relationships.	<ul style="list-style-type: none"> <li>Due diligence including credit reviews of our clients, supply chain partners and other stakeholders</li> <li>Insure credit where appropriate to do so</li> <li>Procedures to monitor and forecast cash flow</li> <li>Committed credit facilities to ensure we have adequate cash when required</li> </ul>
Failure of our partners including financial institutions, customers, joint-venture partners and our supply chain could potentially affect short-term cash flows.	
<i>Fraud</i>	
<i>Risk and Impact</i>	<i>Mitigation</i>
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.	<ul style="list-style-type: none"> <li>Compliance Officer reporting in to the Board</li> <li>Specific preventative and review controls, reviewed regularly by the Board</li> <li>Zero tolerance attitude towards fraud and unethical behaviour</li> <li>Integrity clearly stated as one of our core values</li> <li>Compulsory training programmes for different levels of the organisation</li> </ul>
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.	
<i>Political, market and economic risk</i>	
<i>Risk and Impact</i>	<i>Mitigation</i>
Political, market and economic factors play a significant part in investment decision making for our clients as well as pricing and availability of our supply chain and other partners.	<ul style="list-style-type: none"> <li>Regular reviews to ensure that we are not overly exposed to any one aspect of market risk and appropriately responding to changes in legislation and policy</li> <li>Actively engage with our industry peers, financial partners, clients and supply chain to ensure that we are aware of, and anticipating, changes in our market and the economy</li> </ul>
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.	

**Risk management (continued)**

**Proposed change in the UK's EU status**

*Mitigation*

The UK Board is actively monitoring the potential 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 if necessary.

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.

*Risk and impact*

The decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. A no deal Brexit scenario could influence consumer confidence, which in turn could affect and lead to lower sales volumes.

Specific risks include:

- the potential for increased material costs as a result of exchange rate differences on materials imported;
- potential delays to construction programmes from delays in acquiring and receiving materials; and
- skill deficiencies arising from difficulties in obtaining EU workers within the supply chain.

**Ability to operate during a pandemic**

*Mitigation*

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

Enter 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

Good cash balances and 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

*Risk and impact*

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 may have a significant impact;
- Cash flow challenges due to the change in circumstances; and
- Challenges in putting in place adequate working facilities to respect any social distancing or other new health and safety requirements.

**Security/terrorist threat**

*Mitigation*

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)

*Risk and impact*

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.

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

## VolkerStevin Services Limited Strategic Report

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### Supply chain management

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.

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.

During the year, six supply chain forums were held across the UK Group businesses attended by circa 600 businesses. In addition, we held around 20 specialist workshops with suppliers and staff in attendance promoting specific contracts, innovation or areas of mutual interest. Many more contract focused meetings and communications are held on a one to one basis as part of our strategy to closely engage with and support our supply chain.

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 and smaller companies comply wherever possible. 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
- 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



**R D Coupe**  
Director  
18 December 2020  
VolkerStevin Services Limited  
Company registered number: 08940855

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

# **VolkerStevin Services Limited**

## **Directors' Report**

### **for the year ended 31 December 2019**

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The Directors present their annual Directors' Report and audited financial statements for the year ended 31 December 2019.

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2018: £nil). No interim dividend was paid during the year (2018: £nil).

#### **Directors**

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

R D Coupe  
N A Connell  
A R Robertson  
L Taylor  
A R Towse  
M G Woods

#### **Directors' indemnities**

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

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

The Company did not make any knowledgeable political or charitable donations or incur any political expenditure during the year (2018: £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 14 of the financial statements.

Details of significant events since the balance sheet date are contained in note 20 to 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 indicated their willingness to be reappointed for another term and arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an annual general meeting.

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



**R D Coupe**  
Director  
18 December 2020  
VolkerStevin Services Limited  
Company registered number: 08940855

Hertford Road  
Hoddesdon  
Hertfordshire  
EN11 9BX

## **VolkerStevin Services Limited**

### **Directors' Responsibilities Statement**

#### **for the year ended 31 December 2019**

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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 Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 2019**

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## **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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

### **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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

### **Responsibilities of directors**

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

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

# **Independent Auditor's Report to the members of VolkerStevin Services Limited for the year ended 31 December 2019**

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

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

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

## **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**

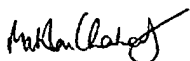
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

18 December 2020

**VolkerStevin Services Limited**  
**Income Statement**  
**for the year ended 31 December 2019**

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	Note	2019 £000	2018 £000
Revenue	3	-	1,523
Cost of sales		69	(989)
<b>Gross profit</b>		<b>69</b>	<b>534</b>
Administrative expenses		(36)	(3)
<b>Operating profit</b>	4	<b>33</b>	<b>531</b>
Financial income	7	1	2
<b>Profit before tax</b>		<b>34</b>	<b>533</b>
Income Tax	8	(7)	(93)
<b>Profit for the year</b>		<b>27</b>	<b>440</b>

All results derive from continuing operations.

The notes on pages 19 to 31 form an integral part of the financial statements.



**VolkerStevin Services Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2019**

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	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Profit for the year		<b>27</b>	<b>440</b>
<b>Total comprehensive income for the year</b>		<b>27</b>	<b>440</b>

The notes on pages 19 to 31 form an integral part of the financial statements.

**VolkerStevin Services Limited**  
**Statement of Financial Position**  
**as at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Current assets</b>			
Trade and other receivables	9	103	946
Cash and cash equivalents	10	1,492	2,148
<b>Total assets</b>		<b>1,595</b>	<b>3,094</b>
<b>Equity</b>			
Share capital	12	-	-
Retained earnings		1,440	1,413
<b>Total equity</b>		<b>1,440</b>	<b>1,413</b>
<b>Current liabilities</b>			
Trade and other payables	11	148	1,595
Tax payable		7	86
<b>Total liabilities</b>		<b>155</b>	<b>1,681</b>
<b>Total equity and liabilities</b>		<b>1,595</b>	<b>3,094</b>

These financial statements were approved by the Board of Directors on 18 December 2020 and were signed on its behalf by:



**R D Coupe**  
Director  
Company registered number: 08940855

The notes on pages 19 to 31 form an integral part of the financial statements.

**VolkerStevin Services Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2019**

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	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2018	-	973	973
<b>Comprehensive income</b>			
Profit for the year	-	440	440
<b>Total comprehensive income</b>	-	440	440
<b>Balance at 31 December 2018</b>	-	1,413	1,413
Balance at 1 January 2019	-	1,413	1,413
<b>Comprehensive income</b>			
Profit for the year	-	27	27
<b>Total comprehensive income</b>	-	27	27
<b>Balance at 31 December 2019</b>	-	1,440	1,440

The notes on pages 19 to 31 form an integral part of the financial statements.

**VolkerStevin Services Limited**  
**Cash Flow Statement**  
**for the year ended 31 December 2019**

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	<i>Note</i>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Cash flow relating to operating activities</b>	<b>15</b>	<b>(570)</b>	<b>492</b>
Tax (paid)/received		<u>(86)</u>	<u>28</u>
<b>Net cash (used in) / from operating activities</b>		<u><b>(656)</b></u>	<u><b>520</b></u>
 <b>Cash flows relating to investing activities</b>			
Interest received		<u>-</u>	<u>2</u>
<b>Net cash from investing activities</b>		<u>-</u>	<u>2</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u><b>(656)</b></u>	<u><b>522</b></u>
<b>Cash and cash equivalents at 1 January</b>		<u><b>2,148</b></u>	<u><b>1,626</b></u>
 <b>Cash and cash equivalents at 31 December</b>	<b>10</b>	<u><u><b>1,492</b></u></u>	<u><u><b>2,148</b></u></u>

The notes on pages 19 to 31 form an integral part of the financial statements.

# **VolkerStevin Services Limited**

## **Notes to the Financial Statements**

### **for the year ended 31 December 2019**

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#### **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 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 Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

##### **2.2 Measurement convention**

The financial statements are prepared on the historical cost basis.

##### **2.3 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section of the Strategic Report on pages 2 to 9. In addition, note 14 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 14 (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. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### **2.4 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency (Pounds Sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### **2.5 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.

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.

# **VolkerStevin Services Limited**

## **Notes to the Financial Statements**

### **for the year ended 31 December 2019**

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## **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.

# VolkerStevin Services Limited

## Notes to the Financial Statements

### for the year ended 31 December 2019

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## 2 Accounting policies (continued)

### 2.9 Financing income and expenses

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

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

### 2.10 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.

### 2.11 Revenue

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

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

#### *Performance obligations satisfied over time*

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

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

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

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

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

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

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

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

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

Further details on revenue recognition are included in note 3 and note 19(a).

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

# **VolkerStevin Services Limited**

## **Notes to the Financial Statements**

### **for the year ended 31 December 2019**

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

##### **2.12 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.

##### **2.13 Provisions**

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

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

##### **2.14 Changes in significant accounting policies**

New amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2019 are listed below:

- IFRS 16 'Leases' (effective 1 January 2019)
- Amendments to IFRS 9 'Financial Instruments' (Prepayment features) (effective 1 January 2019)
- Amendments to IAS 28 'Interests in Associates and Joint Ventures' (long term interests) (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle: Amendments to IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs' (effective 1 January 2019)
- Amendments to IAS 19 'Employee Benefits' (Plan Amendment, Curtailment or Settlement) (effective 1 January 2019)
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)

The company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 17 'Insurance Contracts' (effective 1 January 2021)
- 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)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020)

##### **Impact of the initial application of IFRS 16 Leases**

In the current year IFRS 16 Leases (as issued by the IASB in January 2016) became effective for annual periods that begin on or after 1 January 2019. The Company has no leases that fall within the scope of IFRS 16 and therefore there is no impact.



# **VolkerStevin Services Limited** **Notes to the Financial Statements** **for the year ended 31 December 2019**

## **3 Revenue**

### *a) Disaggregation of revenue from contracts with customers:*

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

	2019	2018
	£000	£000
Construction contract revenues	-	1,523
Total revenues	-	1,523

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

### *b) Accounting policies and significant judgements*

#### **Construction contracts**

The Company's construction contracts span the civil engineering and construction sectors and include rail, highways, airport, marine, energy, water and environmental infrastructure, commercial building and industrial building. The contract term depends on the nature and complexity of the project and the Company's role on the project.

Under the terms of these construction contracts, the Company's performance creates or enhances an asset that the customer controls and has an enforceable right to payment for work done. Revenue is therefore recognised over time using an input method to calculate percentage completion relative to the estimated total contract costs. Costs which do not result in a transfer of value to the customer do not contribute to the percentage completion. The directors consider that this input method is an appropriate measure of progress towards complete satisfaction of the performance obligations under IFRS 15 as it faithfully depicts the transfer of control to the customer.

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

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

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

## **4 Profit before tax**

Profit before tax is stated after charging:

	2019	2018
	£000	£000
Auditor's remuneration	-	-
- audit of these financial statements	-	-

**VolkerStevin Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2019**

**5 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.

**6 Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	3	28
Company contributions to money purchase pension plans	-	2
	<u>3</u>	<u>30</u>

The emoluments of the highest paid Director were £3k (2018: £25k) and company pension contributions of £nil (2018: £2k) were made to a money purchase scheme on his behalf. Only 1 Director is remunerated through the Company (2018: 3). The other Directors are remunerated through other Group companies.

**7 Financial income**

	2019 £000	2018 £000
Net foreign exchange gains	1	2
Total financial income	<u>1</u>	<u>2</u>

**8 Income Tax**

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

	2019 £000	2018 £000
<i>Current tax expense</i>		
UK corporation tax:		
Current year	7	81
Adjustments for prior periods	-	8
Foreign tax	-	4
Current tax expense	<u>7</u>	<u>93</u>
Total tax expense	<u>7</u>	<u>93</u>

# VolkerStevin Services Limited

## Notes to the Financial Statements

### for the year ended 31 December 2019

#### 8 Income Tax (continued)

##### b) Reconciliation of effective tax rate

The total tax charge for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit for the year	27	440
Total tax expense	7	93
<b>Profit excluding taxation</b>	<b>34</b>	<b>533</b>
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	7	101
Higher rate of tax on profits taxed overseas	-	1
R&D expenditure credit	-	(17)
Adjustments for prior periods	-	8
<b>Total tax expense</b>	<b>7</b>	<b>93</b>

##### 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. Deferred taxes at the year-end have been measured using these enacted tax rates and reflected in these financial statements.

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 will now not occur, and the applicable rate will remain at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

#### 9 Trade and other receivables

	2019 £000	2018 £000
Amounts owed by group undertakings (note 17)	98	946
Other receivables	5	-
	<b>103</b>	<b>946</b>
Current	<b>103</b>	<b>946</b>
	<b>103</b>	<b>946</b>

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

#### 10 Cash and cash equivalents

	2019 £000	2018 £000
Cash and cash equivalents	1,492	2,148
	<b>1,492</b>	<b>2,148</b>

**VolkerStevin Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2019**

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**11 Trade and other payables**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade payables	120	282
Non-trade payables and accrued expenses	28	80
Amounts due to group undertakings (note 17)	-	1,233
	<u>148</u>	<u>1,595</u>
Current	<u>148</u>	<u>1,595</u>
	<u>148</u>	<u>1,595</u>

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

Included within Trade payables are contract accruals of £120k (2018: £248k), which comprises of amounts due to subcontractors, goods received not yet invoiced and other contract related accruals.

**12 Share capital**

	<b>Number of</b>	<b>Ordinary</b>
	<b>shares</b>	<b>shares</b>
		<b>£</b>
<b>Authorised, allotted, called up and fully paid ordinary shares of £1</b>		
At 1 January and 31 December 2018	1	1
<b>At 1 January and 31 December 2019</b>	<u>1</u>	<u>1</u>

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.

**13 Dividends**

The Directors do not recommend the payment of a final dividend (2018: £nil). No interim dividend was paid during the year (2018: £nil).

# VolkerStevin Services Limited

## Notes to the Financial Statements

### for the year ended 31 December 2019

#### 14 Financial instruments

##### a) Fair values of financial instruments

###### *Trade and other receivables*

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

###### *Trade and other payables*

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

###### *Cash and cash equivalents*

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

###### *Interest bearing loans and borrowings*

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

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

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

	Note	2019 £000	2018 £000
Financial assets at amortised cost			
Trade and other receivables	9	98	946
Cash and cash equivalents	10	1,492	2,148
Total financial assets at amortised cost		1,590	3,094
<b>Total financial assets</b>		<b>1,590</b>	<b>3,094</b>
Financial liabilities at amortised cost			
Trade and other payables	11	120	1,515
<b>Total financial liabilities at amortised cost</b>		<b>120</b>	<b>1,515</b>
<b>Total financial liabilities</b>		<b>120</b>	<b>1,515</b>
<b>Total financial instruments</b>		<b>1,470</b>	<b>1,579</b>

Cash and cash equivalents above exclude prepayments.

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

##### b) Credit risk

###### *Financial risk management*

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

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

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

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

# VolkerStevin Services Limited

## Notes to the Financial Statements

### for the year ended 31 December 2019

#### 14 Financial instruments (continued)

##### b) Credit risk (continued)

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 2.10).

##### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure which was £1,590k at 31 December 2019 (2018: £3,094k).

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

##### *Credit quality of financial assets and impairment losses*

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

At 31 December 2019 the Company had no impairment provision (2018: £nil) and did not provide against any debt during the year. For amounts which are past due at the reporting date, the Company has not provided for as there has not been a significant change in credit quality and the Company considers the amounts are recoverable.

Impairment losses are recorded into an allowance account unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

##### c) Liquidity risk

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

##### *Contractual maturity of financial liabilities*

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

	Carrying amount £000	Contractual cash flows £000	1 year or less £000
<b>2019</b>			
Trade and other payables	120	120	120
	<b>120</b>	<b>120</b>	<b>120</b>
<b>2018</b>			
Trade and other payables	1,515	1,515	1,515
	<b>1,515</b>	<b>1,515</b>	<b>1,515</b>

##### 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.

Net cash is calculated as cash and cash equivalents less total borrowings and lease liabilities.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

**VolkerStevin Services Limited**  
**Notes to the Financial Statements**  
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**15 Cash flows from operating activities**

	2019 £000	2018 £000
Profit for the year	27	440
<i>Adjustments for:</i>		
Financial income	(1)	(2)
Taxation	7	93
R & D expenditure credit	-	(89)
	<u>33</u>	<u>442</u>
Decrease in trade and other receivables	848	1,992
Decrease in trade and other payables	(1,451)	(1,942)
	<u>(570)</u>	<u>492</u>

**16 Contingent liabilities**

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 £9,986k (2018: £8,897k).

**17 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:

	2019 £000	2018 £000
<i>Short-term employee benefits</i>	3	28
Post-employment benefits (defined contribution plan)	-	2
	<u>3</u>	<u>30</u>

*Related party transactions with fellow group undertakings*

Related party transactions with fellow group undertakings are summarised below:

	Fellow subsidiary undertakings	Total
2019	£000	£000
At start of year	946	946
Sales/Income	(848)	(848)
	<u>98</u>	<u>98</u>
At end of year		

**VolkerStevin Services Limited**  
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**17 Related parties (continued)**

	<b>Fellow subsidiary undertakings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts owed by undertakings</b>		
2018		
At start of year	-	-
Sales/Income	-	-
Receipts	946	946
At end of year	946	946

	<b>Fellow subsidiary undertakings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts owed to undertakings</b>		
2019		
At start of year	1,233	1,233
Expenses	2	2
Payment	(1,235)	(1,235)
At end of year	-	-

	<b>Fellow subsidiary undertakings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts owed to undertakings</b>		
2018		
At start of year	2,383	2,383
Expenses	1,487	1,487
Payment	(2,637)	(2,637)
At end of year	1,233	1,233

*Terms and conditions of transactions with related parties*

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

**18 Ultimate parent company and parent undertaking of largest Group of which the Company is a member**

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 largest group in which the results of the Company for this period are included is that headed by its ultimate parent company at 31 December 2019, 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.

On 16 March 2020 Reggeborgh Holding B.V., a company incorporated in the Netherlands, acquired a majority shareholding in Koninklijke VolkerWessels B.V. and became the Company's ultimate parent company.



**VolkerStevin Services Limited**  
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**19 Accounting estimates and judgements**

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

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

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

*Categorisation of contracts*

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

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

**Key Sources of Estimation Uncertainty**

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

**20 Events after the reporting period**

The outbreak of COVID 19 and the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represent non-adjusting post balance sheet events. For further detail refer to the Going Concern section of the Strategic Report on page 3.

See note 18 for details on the change in ultimate parent company and ultimate controlling party after the balance sheet date.