

Company registration number 00319964 (England and Wales)

TUFFNELLS PARCELS EXPRESS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TUFFNELLS PARCELS EXPRESS LIMITED

COMPANY INFORMATION

Directors	C Tresadern (CEO) M Holt (Non-executive) C Rolandi (Non-executive) I Brewer A Watson
Company number	00319964
Registered office	Unit 1 Meadowhall Business Park Carbrook Hall Road Sheffield S9 2EQ
Auditor	Littlestone Golding 17 Cavendish Square London W1G 0PH

TUFFNELLS PARCELS EXPRESS LIMITED

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TUFFNELLS PARCELS EXPRESS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report and audited financial statements for the year ended 31 December 2021 with comparative information for the 16 month period ended 31 December 2020.

Promoting the success of the company

Throughout 2021, the directors have complied with the requirements of Section 172 of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of all stakeholders. The following disclosure describes how the directors have acted in regard to the matters set out in section 172.

Employees

Tuffnells is committed to providing a diverse and inclusive working environment and helping our employees gain skills that support their personal ambitions and drive the business forward. This is evidenced by the recent launch of our Green Shoots and Essentials development programmes. The Company recognises the need to ensure effective communication with employees and does this in a variety of ways, such as holding Executive update sessions and distributing company newsletters, alongside other informal communications.

Customers

We continue to work on long-term relationships with our customers and strive to offer the best customer service in the industry. To progress with this, the Company has embarked on a substantial fleet refreshment programme to improve reliability and productivity, improve the driver experience, and reduce its carbon footprint. We have in place two UK-based Customer Experience Centres, ensuring we are available to take our customer calls, and we utilise the services of Trustpilot to gain customer feedback.

Suppliers

Our suppliers and subcontractors are critical to our operations, and we take a long-term collaborative approach to working with them, recognising our responsibility to pay our suppliers to term.

Communities

We take our social responsibilities seriously, contributing to local community schemes. The Company is the proud sponsor of Sheffield FC, The World's First Football Club, and the snowflake campaign with The Sheffield Children's Hospital.

High Standards of Business Conduct

The Company recognises the need to conduct its business in a way that is ethical, safe, compliant and of a high standard. Where a material business decision is taken, and it is practical, all affected stakeholders will be consulted. It is a priority of the Company to act in a fair and responsible manner and forge a reputation of working to the highest standards, whilst providing a return to its investors.

TUFFNELLS PARCELS EXPRESS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Review of the business, performance and future developments

The Company is a recognised leader in the movement of combined parcels, pallets and consignments of irregular dimensions and weight. Specialising in express consignment collection and delivery throughout the UK, Ireland and internationally, operating across multiple industry sectors.

The audited financial statements for the year ended 31 December 2021 represent the first full year of trade under new private ownership, having been sold by Smiths News Group Plc on 2 May 2020.

The first full year back in private ownership saw an improvement in revenue to £178.1 million for January to December 2021 from £163.4 million for January to December 2020. Coupled with strong, but sensible, cost controls, a drive to increase vehicle productivity and quality of service yielded a gross margin of 24.1% for the period January to December 2021, compared to 18.9% January to December 2020. Operating profit before exceptional items increased to £2.3 million for 2021 from a loss of £9.1 million for 2020.

The improved financial and operational performance coincided with a further strengthening of the Executive Board and investment in resource throughout the network.

Future expectations

The Company expects volume and revenue growth, as a result of service improvements. Profits are expected to follow the same pattern, aided further by improved productivity and sustained cost management. The Company strives to provide industry leading customer service to mitigate these risks.

Principal risks and uncertainties

Management consider that the key risk to the company is the continuing uncertainty around the impact of the post Brexit trade deal on the supply chain, plus the generic competitive forces within the parcel delivery sector and the risk of new entrants. As the economy emerges once again from the Covid-19 pandemic and is now faced by the crisis in Ukraine, uncertainty still exists around the short and long term economic impact of these factors. The company's operations expose it to a variety of financial risks that include credit risk, interest rate risk and liquidity risk. The company has robust internal procedures to monitor cash and liquidity, sales, cost and profit performance.

Key performance indicators

KPI	Year ended 31 December 2021	Year ended 31 December 2020	16 months to 31 December 2020	Year ended 31 August 2019
Revenue (£'000)	178,129	163,428	212,494	164,450
Gross profit (£'000)	42,964	30,835	35,758	25,212
Gross profit margin	24.1%	18.9%	16.8%	15.3%
Operating profit/(loss) before exceptional items (£'000)	2,284	(9,113)	(18,984)	(14,599)

On behalf of the board

C Tresadern
CEO

13 July 2022

TUFFNELLS PARCELS EXPRESS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021 with comparative information for the 16 month period ended 31 December 2020.

Principal activities

The principal activity of the Company during the year continued to be that of a distributor of mixed and irregular freight throughout the United Kingdom.

Results and dividends

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

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

Directors

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

C Tresadern (CEO)
M Holt (Non-executive)
C Rolandi (Non-executive)
I Brewer
A Watson

Qualifying third party indemnity provisions

The Company maintains liability insurance for its directors, with a cover limited for each claim or a series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 234 of the Companies Act 2006.

Disabled persons

It is the Company's practice to facilitate the employment of disabled persons and to provide, whenever possible, opportunities for training, career development and promotion. In the event of employees becoming disabled in the service of the Company, every effort would be made to rehabilitate them in the former jobs or some other suitable alternative, and to provide appropriate training and specialist advice.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its core philosophy. The Company encourages the involvement of employees by means of Town Halls and colleague advisory forums.

The Strategic Report includes commentary on the Company's engagement with its employees and how it takes account of their interests and the effect this has had on the Company's principal decisions.

Business relationships

The Strategic Report includes commentary on how the Company has had regard to the need to foster business relationships with suppliers, customers and others including its effect on the principal decisions taken during the year.

Auditor

The auditor, Littlestone Golding, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

TUFFNELLS PARCELS EXPRESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Energy and carbon report

The Company's greenhouse gas emissions, reportable under SECR in 2021 were 43,799 tonnes CO₂e.

These include the emissions associated with electricity and natural gas consumption and business travel in company and private vehicles by employees. The Company's greenhouse gas emissions were 7% lower than in 2020. The intensity of 964.74 tonnes CO₂e per million kilometres travelled by HGV and LGV is 31% higher than last year. This is due partly to less trunking journeys in 2021 (depot to depot journeys). The figures for million kilometres driven by HGV and LGV are 29% lower in 2021 than in 2020 while the transport fuel consumption is only 6% lower between these periods. This has been investigated within the Company and all data used was sourced from the internal fleet department. The reason for the discrepancy is unknown.

	2021	2020
	kWh'000	kWh'000
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	1,102	1,260
- Electricity purchased	3,305	4,569
- Fuel consumed for transport	178,918	189,100
	<u>183,325</u>	<u>194,929</u>
	<u><u>183,325</u></u>	<u><u>194,929</u></u>
	2021	2020
	Tonnes CO ₂ e	Tonnes CO ₂ e
<i>Emissions of CO₂ equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	202	232
- Fuel consumed for owned transport	42,833	45,491
	<u>43,035</u>	<u>45,723</u>
Scope 2 - indirect emissions		
- Electricity purchased	764	1,157
	<u>764</u>	<u>1,157</u>
Total gross emissions	<u>43,799</u>	<u>46,880</u>
	<u><u>43,799</u></u>	<u><u>46,880</u></u>
<i>Intensity ratio</i>		
Tonnes CO ₂ e per million kilometres travelled by HGVs and LGCs	964.74	736.43
	<u>964.74</u>	<u>736.43</u>

TUFFNELLS PARCELS EXPRESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Boundary, methodology and exclusions

An operational control approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of all buildings such as warehouses, offices and manufacturing sites, plus company-owned and leased transport. There was an increase in reported grey fleet transport from 2020 and hence the emissions from grey fleet and losses from electricity distribution and transmission have increased in 2021 from 2020. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the latest conversion factors provided by the UK Government.

There are no material omissions from the mandatory reporting scope.

The reporting period is January 2021 to December 2021.

Energy efficiency initiatives

With the exception of less planned trunking journeys (depot to depot) it has been confirmed that the Company did not have any energy efficiency projects in 2021 that were of a capital nature. General good housekeeping has been maintained across all sites during 2021.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

TUFFNELLS PARCELS EXPRESS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

I Brewer
Director

13 July 2022

TUFFNELLS PARCELS EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUFFNELLS PARCELS EXPRESS LIMITED

Opinion

We have audited the financial statements of Tuffnells Parcels Express Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

TUFFNELLS PARCELS EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TUFFNELLS PARCELS EXPRESS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are laws and regulations related to licensing, transport and vehicles, employment, and health & safety, as they relate to businesses operating in the freight distribution industry, the reporting framework ((FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006)) and the relevant tax compliance regulations in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries on the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning, fieldwork and completion phase of our audit. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the management and focus testing.

TUFFNELLS PARCELS EXPRESS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TUFFNELLS PARCELS EXPRESS LIMITED

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Derek Humphrey BA ACA (Senior Statutory Auditor)
For and on behalf of Littlestone Golding

13 July 2022

Chartered Accountants
Statutory Auditor

17 Cavendish Square
London
W1G 0PH

TUFFNELLS PARCELS EXPRESS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
	Notes		
Revenue	3	178,129	212,494
Cost of sales		(135,165)	(176,736)
Gross profit		42,964	35,758
Administrative expenses		(40,680)	(55,764)
Other operating income		-	1,022
Exceptional items	4	4,205	25,588
Operating profit	5	6,489	6,604
Finance costs	8	(1,023)	(539)
Profit before taxation		5,466	6,065
Tax on profit	9	(676)	423
Profit for the financial year		4,790	6,488

The income statement has been prepared on the basis that all operations are continuing operations.

TUFFNELLS PARCELS EXPRESS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 2021 £'000	16 Months ended 2020 £'000
Profit for the year	4,790	6,488
Other comprehensive income		
Actuarial gain on defined benefit pension schemes	551	66
Tax relating to other comprehensive income	(105)	(13)
Other comprehensive income for the year	446	53
Total comprehensive income for the year	5,236	6,541

TUFFNELLS PARCELS EXPRESS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10		763		343
Property, plant and equipment	11		12,416		14,654
			<u>13,179</u>		<u>14,997</u>
Current assets					
Inventories	12	576		535	
Trade and other receivables - deferred tax	19	4,268		5,049	
Trade and other receivables - other	13	21,919		17,323	
Cash and cash equivalents		4,987		6,524	
		<u>31,750</u>		<u>29,431</u>	
Current liabilities	14	(23,022)		(25,761)	
Net current assets			<u>8,728</u>		<u>3,670</u>
Total assets less current liabilities			<u>21,907</u>		<u>18,667</u>
Non-current liabilities	15		(2,936)		(3,859)
Provisions for liabilities	18		(2,094)		(2,253)
Net assets excluding pension liability			<u>16,877</u>		<u>12,555</u>
Defined benefit pension liability	20		(942)		(1,856)
Net assets			<u><u>15,935</u></u>		<u><u>10,699</u></u>
Equity					
Called up share capital	21		1,113		1,113
Share premium account			9,455		9,455
Retained earnings			5,367		131
Total equity			<u><u>15,935</u></u>		<u><u>10,699</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 July 2022 and are signed on its behalf by:

C Tresadern
CEO

I Brewer
Director

Company Registration No. 00319964

TUFFNELLS PARCELS EXPRESS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 September 2019	1,113	9,455	(6,410)	4,158
Period ended 31 December 2020:				
Profit for the period	-	-	6,488	6,488
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	66	66
Tax relating to other comprehensive income	-	-	(13)	(13)
Total comprehensive income for the period	-	-	6,541	6,541
Balance at 31 December 2020	1,113	9,455	131	10,699
Year ended 31 December 2021:				
Profit for the year	-	-	4,790	4,790
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	551	551
Tax relating to other comprehensive income	-	-	(105)	(105)
Total comprehensive income for the year	-	-	5,236	5,236
Balance at 31 December 2021	1,113	9,455	5,367	15,935

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Tuffnells Parcels Express Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 Meadowhall Business Park, Carbrook Hall Road, Sheffield, S9 2EQ.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Tuffnells Holdings Limited. These consolidated financial statements are available from Companies House.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Future expectations and Principle risks and uncertainties sections of the Strategic Report.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Revenue

Revenue is recognised on the delivery of services to which it relates at the fair value of the consideration received or receivable based on agreed rates net of discounts, VAT and other sales related taxes.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets with finite useful lives that are acquired separately are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful which is 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Land: not depreciated; buildings: 2% to 5%
Long leasehold land and buildings	Land: not depreciated; buildings: 2% to 5%
Short leasehold land and buildings	Lease life
Fixtures and fittings	10% - 40%
Plant and machinery	10% - 40%
Computer equipment	10% - 40%
Motor vehicles and trailers	12.5% to 25%

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

1.6 Impairment of non-current assets

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

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value and on a first in, first out basis. Cost represents the direct cost of stocks.

There is no material difference between the carrying value of inventories and their replacement cost.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Retirement benefit obligation estimate

The Company recognised and discloses its retirement benefit obligation in accordance with the measurement and presentational requirement of FRS 102. The calculations include a number of judgements and estimations in respect of the expected rate of return on assets, the discount rate, inflation assumptions, the rate of increase on salaries and life expectancy, amongst others. Changes in these assumptions can have a significant effect on the value of the retirement benefit obligation. Management make these judgements in consultation with an independent actuary. Details of the judgements made in calculating the transactions are disclosed in note 20.

3 Revenue

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Revenue analysed by class of business		
Parcel collection and deliveries	178,129	212,494
	<u> </u>	<u> </u>
	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Other significant revenue		
Grants received	-	1,022
	<u> </u>	<u> </u>

Grant income represents amounts receivable under the Government's Coronavirus Job Retention Scheme.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Revenue (Continued)

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Revenue analysed by geographical market		
All revenue originates in the United Kingdom	178,129	212,494

4 Exceptional items

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Group debt waiver	-	(19,910)
Profit on property disposals	(4,442)	(8,431)
Other exceptional items	237	2,753
	(4,205)	(25,588)

Profit on property disposals

During the year the Company sold and leased back property which realised a total profit on disposal of £4.4 million.

Other exceptional items

Other exceptional items incurred during the period include costs relating to business restructuring and other one-off costs. The business restructuring resulted in a number of roles being made redundant during the year.

Other exceptional items incurred during the previous period amounting to £2.8 million relate to business restructuring and one-off costs arising from the sale and purchase of the company in May 2020. The business restructuring resulted in a number of roles being made redundant and the closure of a number of depots.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Operating profit

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(1,022)
Fees payable to the company's auditor for the audit of the company's financial statements	45	45
Fees payable to the company's auditor for taxation compliance services	11	-
Depreciation of owned property, plant and equipment	1,456	2,623
Loss/(profit) on disposal of property, plant and equipment	(4,441)	(8,417)
Amortisation of intangible assets	121	278
Operating lease charges	17,513	23,352
	<u>17,513</u>	<u>23,352</u>

6 Employees

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

	Year ended 31 December 2021 Number	16 Months ended 31 December 2020 Number
Haulage	1,722	1,935
Office and management	555	521
Total	<u>2,277</u>	<u>2,456</u>

Their aggregate remuneration comprised:

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Wages and salaries	57,991	80,225
Social security costs	4,880	6,762
Pension costs	1,517	2,017
	<u>64,388</u>	<u>89,004</u>

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Remuneration for qualifying services	1,076	646
Company pension contributions to defined contribution schemes	25	12
Compensation for loss of office	-	264
	<u>1,101</u>	<u>922</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

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

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Remuneration for qualifying services	325	243
Company pension contributions to defined contribution schemes	10	3
	<u>335</u>	<u>246</u>

8 Finance costs

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Interest on bank overdrafts and loans	545	26
Interest on invoice finance arrangements	317	91
Other interest on financial liabilities	-	210
Interest on finance leases and hire purchase contracts	19	62
Net interest on the net defined benefit liability	23	55
Unwinding of discount on provisions	119	95
	<u>1,023</u>	<u>539</u>

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Current tax		
Adjustments in respect of prior periods	-	967
Deferred tax		
Origination and reversal of timing differences	672	(1,555)
Changes in tax rates	-	(362)
Adjustment in respect of prior periods	4	527
Total deferred tax	676	(1,390)
Total tax charge/(credit)	676	(423)

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

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Profit before taxation	5,466	6,065
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,039	1,152
Tax effect of expenses that are not deductible in determining taxable profit	11	(17)
Gains not taxable	(406)	-
Adjustments in respect of prior years	-	967
Effect of change in corporation tax rate	-	(362)
Depreciation on assets not qualifying for tax allowances	60	113
Other permanent differences	(32)	-
Share based payment charge	-	27
Deferred tax adjustments in respect of prior years	4	527
Group relief surrender	-	2,374
Group debt waiver not taxable	-	(3,728)
Group relief received - capital losses	-	(1,476)
Taxation charge/(credit) for the year	676	(423)

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

In addition to the amount charged/(credited) to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	Year ended 31 December 2021 £'000	16 Months ended 31 December 2020 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	105	13
	<u>105</u>	<u>13</u>

Factors affecting future tax charges

The main rate of corporation tax is currently 19%. The rate will remain at 19%, as substantively enacted on 17 March 2020, and that rate has been used when calculating future tax charges (deferred tax balances) in these financial statements. The main rate of corporation tax increases to 25% with effect from 1 April 2023.

The company has estimated tax losses of £11.9 million at 31 December 2021 and these are reflected in the deferred tax asset recognised in these financial statements (see note 19).

The directors believe that there is currently sufficient evidence that the deferred tax assets will be recovered in the foreseeable future.

10 Intangible fixed assets

	Software £'000
Cost	
At 1 January 2021	2,268
Additions	541
	<u>2,809</u>
At 31 December 2021	<u>2,809</u>
Amortisation and impairment	
At 1 January 2021	1,925
Amortisation charged for the year	121
	<u>2,046</u>
At 31 December 2021	<u>2,046</u>
Carrying amount	
At 31 December 2021	763
	<u>763</u>
At 31 December 2020	343
	<u>343</u>

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11	Property, plant and equipment								
		Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Plant and machinery	Computer equipment	Motor vehicles and trailers	Total	
	Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	At 1 January 2021	14,769	3,829	9,331	7,977	4,040	16,753	56,699	
	Additions	-	618	75	381	411	13	1,498	
	Disposals	(3,152)	-	-	-	-	(1,238)	(4,390)	
	At 31 December 2021	11,617	4,447	9,406	8,358	4,451	15,528	53,807	
	Depreciation and impairment								
	At 1 January 2021	3,075	3,718	8,436	7,352	3,525	15,939	42,045	
	Depreciation charged in the year	279	35	340	349	230	223	1,456	
	Eliminated in respect of disposals	(882)	-	-	-	-	(1,228)	(2,110)	
	At 31 December 2021	2,472	3,753	8,776	7,701	3,755	14,934	41,391	
	Carrying amount								
	At 31 December 2021	9,145	694	630	657	696	594	12,416	
	At 31 December 2020	11,694	111	895	625	515	814	14,654	

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment (Continued)

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

	2021 £'000	2020 £'000
Computer equipment	142	217

12 Inventories

	2021 £'000	2020 £'000
Consumables	576	535

13 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	8,939	10,360
Amounts owed by group undertakings	6,984	484
Other receivables	2,862	2,844
Prepayments and accrued income	3,134	3,635
	21,919	17,323

14 Current liabilities

	Notes	2021 £'000	2020 £'000
Bank loans and overdrafts	16	3,575	4,222
Obligations under finance leases	17	143	53
Trade payables		5,555	8,610
Taxation and social security		7,084	5,877
Other payables		3,199	2,616
Accruals and deferred income		3,466	4,383
		23,022	25,761

15 Non-current liabilities

	Notes	2021 £'000	2020 £'000
Bank loans and overdrafts	16	2,763	3,703
Obligations under finance leases	17	173	156
		2,936	3,859

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Borrowings

	2021 £'000	2020 £'000
Bank loans	3,716	4,659
Bank overdrafts	2,622	3,266
	<u>6,338</u>	<u>7,925</u>
Payable within one year	3,575	4,222
Payable after one year	<u>2,763</u>	<u>3,703</u>

The bank loans are repayable by monthly instalments over 5 year terms, repayable by 2025, and bear interest at between 3.35% and 4.35% above SONIA. The bank overdraft is a receivables financing facility with a minimum 60 month term which bears interest at 2.35% above SONIA.

The bank facilities are secured by the Company and its parent undertakings by way of fixed and floating charges over their property interests and other assets. The aggregate amount of secured liabilities at 31 December 2021 was £6,338,087 (2020: £7,925,000).

17 Finance lease obligations

	2021 £'000	2020 £'000
Future minimum lease payments due under finance leases:		
Within one year	143	53
In two to five years	<u>173</u>	<u>156</u>
	<u>316</u>	<u>209</u>

18 Provisions for liabilities

	2021 £'000	2020 £'000
Property dilapidations	<u>2,094</u>	<u>2,253</u>
Movements on provisions:		
		Property dilapidations £'000
At 1 January 2021		2,253
Additional provisions in the year		650
Reversal of provision		(928)
Unwinding of discount		<u>119</u>
At 31 December 2021		<u>2,094</u>

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Provisions for liabilities

(Continued)

Property dilapidations

The Company trades from a number of premises that are held on lease agreements. A provision for the potential costs of rectification of these premises back to their original state has been included within the financial statements. The provision is based on the current condition of the properties and estimated costs of remediation, discounted back to the point the liability will occur.

19 Deferred taxation

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

	Assets 2021 £'000	Assets 2020 £'000
Balances:		
Accelerated capital allowances	1,774	2,270
Tax losses	2,273	2,384
Retirement benefit obligations	179	353
Other	42	42
	<u>4,268</u>	<u>5,049</u>
		2021 £'000
Movements in the year:		
Asset at 1 January 2021		(5,049)
Charge to profit or loss		676
Charge to other comprehensive income		105
		<u>(4,268)</u>
Asset at 31 December 2021		

The deferred tax asset set out above that is expected to reverse within 12 months of the reporting date and which relates to the utilisation of tax losses against future expected profits of the same period and the part reversal of the capital allowances deferred tax asset amounts to £2.2 million.

20 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,403	1,878
	<u>1,403</u>	<u>1,878</u>

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

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Retirement benefit schemes

(Continued)

Defined benefit schemes

The Company operates a defined benefit pension scheme known as the Tuffnells Parcels Express Pension Scheme ("the Scheme"). Under the Scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death). The Scheme is closed to future accrual of benefits.

The Trust is a registered funded pension scheme. The assets of the Scheme are held separately from the assets of the Company in trustee administered funds.

The weighted average duration of the Scheme is 21 years.

The most recent comprehensive triennial valuation of the Scheme was carried out at 1 April 2019. The Company has employed an independent actuary to approximately update this valuation allowing for differences between the actuarial assumptions used by the Trust for funding purposes and those adopted by the Company to measure the Trust's liabilities on the financial statements, as well as adjusting for actual pension increases awarded and benefits paid by the Scheme.

Contributions into the Scheme are assessed in accordance with the advice of qualified actuaries and the Company made contributions into the Scheme of £0.5 million over the year ended 31 December 2021 (£1.1m over the period ended 31 December 2020). The Company expects to contribute £0.5m during the year ended 31 December 2022.

<i>Key assumptions</i>	2021 %	2020 %
Discount rate	1.9	1.4
Expected rate of increase of pensions in payment	3.2	2.85
Expected rate of salary increases	N/A	N/A
Inflation assumption: Retail Price Index	3.3	2.9
Consumer Price Index	2.8	2.2
Pension increase in deferment	2.5 to 2.8	2.2
	=====	=====

Mortality assumptions

The following table shows assumed life expectancies for example members at age 65. The underlying mortality tables at 31 December 2021 are based on the published S3PMA / S3PFA 'Pensioner' mortality base tables with a scaling factor of 99%, CMI 2020 mortality improvements with a long-term improvement rate of 1% p.a. and additional initial improvement of 0.50% p.a.

	2021 Years	2020 Years
Retiring today		
- Males	87.3	87.2
- Females	89.6	89.5
	=====	=====
Retiring in 20 years		
- Males	88.3	88.2
- Females	90.8	90.6
	=====	=====

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Retirement benefit schemes

(Continued)

	2021 £'000	2020 £'000
<i>Amounts recognised in the income statement</i>		
Current service cost	-	11
Past service cost	-	30
Administration expenses	114	98
Net interest on the net defined benefit liability	23	55
Total costs	137	194

	2021 £'000	2020 £'000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(143)	(604)
Less: calculated interest element	-	-
Return on scheme assets excluding interest income	(143)	(604)
Other gains and losses	(408)	538
Total costs/(income)	(551)	(66)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	12,691	13,226
Fair value of plan assets	(11,749)	(11,370)
Deficit in scheme	942	1,856

	2021 £'000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2021	13,226
Benefits paid	(310)
Other	(225)
At 31 December 2021	12,691

The defined benefit obligations arise from plans which are wholly or partly funded.

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Retirement benefit schemes (Continued)

	2021 £'000
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2021	11,370
Return on plan assets (excluding amounts included in net interest)	143
Benefits paid	(310)
Contributions by the employer	500
Other	46
At 31 December 2021	11,749

The actual return on plan assets was £143,000 (2020: £604,000).

	2021 £'000	2020 £'000
<i>Fair value of plan assets at the reporting period end</i>		
Growth portfolio	7,117	7,166
Matching portfolio	4,269	4,073
Cash and other	363	131
	11,749	11,370

21 Share capital

	2021 £'000	2020 £'000
Ordinary share capital		
Issued and fully paid		
1,112,787 Ordinary shares of £1 each	1,113	1,113

22 Operating lease commitments

Lessee

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

	2021 £'000	2020 £'000
Within one year	14,132	11,436
Between two and five years	38,299	23,186
In over five years	21,283	24,640
	73,714	59,262

TUFFNELLS PARCELS EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Ultimate controlling party

The Company's ultimate parent company and ultimate controlling party is Tuffnells Holdings Limited, a company incorporated in England and Wales.

The Company's immediate parent undertaking is The Big Green Parcel Machine Limited, a company incorporated in England and Wales.

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Tuffnells Holdings Limited, a company incorporated in England and Wales. Copies of the group accounts of Tuffnells Holdings Limited are available from Companies House.

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