

TUNNELCRAFT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 NOVEMBER 2015 TO 31 JANUARY 2017

Company Registration No. 02728757 (England and Wales)

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COMPANIES HOUSE

TUNNELCRAFT LIMITED

COMPANY INFORMATION

Directors	J J Riordan C P Hicks J P Riordan
Secretary	J P Riordan
Company number	02728757
Registered office	Ground Floor, Sidney House Christy Close Southfields Business Park Basildon Essex SS15 6TN
Auditors	Charterhouse (Accountants) Limited 166 College Road Harrow Middlesex HA1 1RA

TUNNELCRAFT LIMITED

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TUNNELCRAFT LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 JANUARY 2017

The directors present the strategic report for the period ended 31 January 2017.

Fair review of the business

The results for the period and the financial position at the period end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategies are subject to risk, the key risk being the competition in the market place.

The other risks to the business include:

- delays in completion of a project
- environmental liability
- project specific professional indemnity claims
- force majeure
- health and safety

Financial risks and uncertainties

The company's operations are exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of the debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company has no exposure to equity securities price risks as it holds no listed or other equity investments.

Liquidity risk

The company manages the liquidity risk by ensuring there are sufficient funds to meet the operating needs of the business. In respect of bank balances, the liquidity risk is managed by maintaining a positive balance between continuity of funding and flexibility through an agreed payment policy. The company does not maintain any short-term debt finance.

Interest rate risk

The company has interest bearing assets but no interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at fixed rate.

TUNNELCRAFT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

Key performance indicators

The key financial performance indicators during the year are as follows:

	31/01/2017	31/10/2015
	£	£
Turnover	43,448,910	41,227,982
Gross profit	9,471,911	8,733,853
Gross profit margin	22%	21%
Operating profit	3,427,305	17,053
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,436,538	35,998

It is the intention of the company to continue to strengthen its financial performance in the industry by concentrating on further improving the management processes and expanding market share, whilst at the same time closely monitoring both direct and indirect costs.

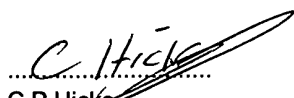
Employees

The company operates an equal opportunities policy. The main aim of the policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair consideration for all types of vacancy in as much as opportunities available are considered by the practical limitations of the disability. Should, for whatever reason, an employee of the company become disabled whilst in employment, every step, where applicable will be taken to assist with rehabilitation and suitable re-training.

The company maintains its own health, safety and environmental policies covering all aspects of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the company is responsive to the needs of the employees and the environment.

On behalf of the board



C P Hicks
Director

Date: 9-11-2017

TUNNELCRAFT LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JANUARY 2017

The directors present their annual report and financial statements for the period ended 31 January 2017.

Principal activities

The principal activity of the company continued to be that of supply of labour for and the direct contracting for tunnelling projects.

Directors

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

J J Riordan
C P Hicks
J P Riordan

Results and dividends

The results for the period are set out on page 7.

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Director's 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 applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK (FRS 102).

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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

TUNNELCRAFT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

On behalf of the board



C P Hicks

Director

Date: 9-11-2017

TUNNELCRAFT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUNNELCRAFT LIMITED

We have audited the financial statements of Tunnelcraft Limited for the period ended 31 January 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2017 and of its profit for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

TUNNELCRAFT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TUNNELCRAFT LIMITED

Matters on which we are required to report by exception

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

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



.....
Barrie Cross (Senior Statutory Auditor)
for and on behalf of Charterhouse (Accountants) Limited
Statutory Auditor

Date: 14/11/17

Charterhouse (Accountants) Limited
Chartered Accountants
166 College Road
Harrow
Middlesex
HA1 1RA

TUNNELCRAFT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JANUARY 2017

	Notes	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Turnover	4	43,448,910	41,227,982
Cost of sales		(33,976,999)	(32,494,129)
Gross profit		9,471,911	8,733,853
Administrative expenses		(6,044,606)	(8,728,800)
Other operating income		-	12,000
Operating profit	5	3,427,305	17,053
Interest receivable and similar income	8	8,523	6,904
Profit before taxation		3,435,828	23,957
Taxation	9	(710,388)	(17,568)
Profit for the financial period		2,725,440	6,389

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

There are no recognised gains and losses other than those passing through the profit and loss account.

TUNNELCRAFT LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE PERIOD ENDED 31 JANUARY 2017**

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Profit for the period	2,725,440	6,389
Other comprehensive income	-	-
Total comprehensive income for the period	<u>2,725,440</u>	<u>6,389</u>

TUNNELCRAFT LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	31/01/2017		31/10/2015	
		£	£	£	£
Fixed assets					
Tangible assets	10		5,931		12,797
Current assets					
Stocks	11	-		5,756,307	
Debtors	12	6,129,392		655,605	
Cash at bank and in hand		3,979,392		2,677,383	
		10,108,784		9,089,295	
Creditors: amounts falling due within one year	13	(2,285,433)		(8,657,336)	
Net current assets			7,823,351		431,959
Total assets less current liabilities			7,829,282		444,756
Provisions for liabilities	14		(4,659,086)		-
Net assets			3,170,196		444,756
Capital and reserves					
Called up share capital	16		710		710
Profit and loss reserves			3,169,486		444,046
Total equity			3,170,196		444,756

The financial statements were approved by the board of directors and authorised for issue on 9/11/2017 and are signed on its behalf by:


 C P Hicks
 Director

Company Registration No. 02728757

TUNNELCRAFT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 November 2014	710	437,657	438,367
Period ended 31 October 2015:			
Profit and total comprehensive income for the period	-	6,389	6,389
Balance at 31 October 2015	710	444,046	444,756
Period ended 31 January 2017:			
Profit and total comprehensive income for the period	-	2,725,440	2,725,440
Balance at 31 January 2017	710	3,169,486	3,170,196

TUNNELCRAFT LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 JANUARY 2017

	Notes	31/01/2017		31/10/2015	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		1,313,421		(527,075)
Income taxes paid			(17,568)		(25,999)
Net cash inflow/(outflow) from operating activities			1,295,853		(553,074)
Investing activities					
Purchase of tangible fixed assets		(2,367)		(4,675)	
Interest received		8,523		6,904	
Net cash generated from investing activities			6,156		2,229
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			1,302,009		(550,845)
Cash and cash equivalents at beginning of period			2,677,383		3,228,228
Cash and cash equivalents at end of period			3,979,392		2,677,383

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JANUARY 2017

1 Accounting policies

Company information

Tunnelcraft Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ground Floor, Sidney House, Christy Close, Southfields Business Park, Basildon, Essex, SS15 6TN.

1.1 Accounting convention

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

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

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

These financial statements for the period ended 31 January 2017 are the first financial statements of Tunnelcraft Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Reporting period

These financial statements are presented for 15 months period which is longer than the comparative year due to change in auditors and handover process. The comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable from supply of labour for and the direct contracting for tunnelling projects in the normal course of business, and is shown net of VAT and other sales related taxes.

1.4 Tangible fixed assets

Tangible fixed assets are measured at cost and 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:

Fixtures, fittings & equipment	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

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

1.5 Stocks

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.7 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets 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 recoverable amount. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

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

Derecognition of financial liabilities

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

1.8 Equity instruments

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

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

Current tax

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

1.10 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.

1.11 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 fixed 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.

1.12 Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

The company also provides pension benefits for senior employees. Under the terms of the pension contracts entered into with the senior employees, fixed sums are provided for now in order to provide pension benefits to the individuals upon their retirement. The pension contracts allow for an annual increase in respect of indexation over and above the initial contracted amount.

The director considers that the pension arrangement most closely reflects the characteristics of a defined contribution scheme as the company's contributions are fixed until the point of retirement at which point any further contributions of annual increases cease. Further information can be found in note 15 to the financial statements.

1.13 Leases

Rentals payable under operating leases are charged to income 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 lease asset are consumed.

1.14 Gross amounts due from contract customers

Gross amounts due from contract customers, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account.

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

2 Change in accounting policy

During the period the company changed its accounting policy in respect of unbilled income recognition. The company now recognises as income all unbilled work done at the balance sheet date within debtors as gross amounts due from contract customers rather than as work in progress. The directors consider this to be a more appropriate policy which more accurately reflects the commercial reality. The current period profits include an amount of £1,439,077 of extra income as a result of this change in policy.

3 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. In the opinion of the directors there are no judgements or key sources of estimation uncertainty within the financial statements.

4 Turnover

An analysis of the company's turnover is as follows:

	31/01/2017 £	31/10/2015 £
Turnover analysed by class of business		
Sales	43,448,910	41,227,982

5 Operating profit

	31/01/2017 £	31/10/2015 £
Operating profit for the period is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	20,000	22,000
Depreciation of owned tangible fixed assets	9,233	18,945
Operating lease charges	14,778	8,800

6 Employees

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

	01/11/2015 to 31/01/2017 Number	01/11/2014 to 31/10/2015 Number
Construction	168	241
Administration	6	8
	174	249

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2017

6 Employees

(Continued)

Their aggregate remuneration comprised:

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Wages and salaries	17,009,487	24,845,666
Social security costs	2,091,098	3,146,933
Pension costs	4,755,701	137,632
	<u>23,856,286</u>	<u>28,130,231</u>

7 Directors' remuneration

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Remuneration for qualifying services	120,250	7,034,000
Company pension contributions to defined contribution schemes	4,689,086	70,000
	<u>4,809,336</u>	<u>7,104,000</u>

8 Interest receivable and similar income

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Interest income		
Interest on bank deposits	8,523	6,904
	<u>8,523</u>	<u>6,904</u>

9 Taxation

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Current tax		
UK corporation tax on profits for the current period	710,388	17,568
	<u>710,388</u>	<u>17,568</u>

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

9 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	01/11/2015 to 31/01/2017 £	01/11/2014 to 31/10/2015 £
Profit before taxation	3,435,828	23,957
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (31/10/2015: 20.00%)	687,166	4,791
Tax effect of expenses that are not deductible in determining taxable profit	22,552	10,634
Depreciation added back	1,847	3,789
Capital allowances	(1,177)	(1,646)
Taxation for the period	710,388	17,568

10 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 November 2015	2,456	19,192	78,763	100,411
Additions	-	2,367	-	2,367
At 31 January 2017	2,456	21,559	78,763	102,778
Depreciation and impairment				
At 1 November 2015	1,214	13,268	73,132	87,614
Depreciation charged in the period	561	3,041	5,631	9,233
At 31 January 2017	1,775	16,309	78,763	96,847
Carrying amount				
At 31 January 2017	681	5,250	-	5,931
At 31 October 2015	1,241	5,925	5,631	12,797

11 Stocks

	31/01/2017 £	31/10/2015 £
Work in progress	-	5,756,307

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2017

12 Debtors

	31/01/2017 £	31/10/2015 £
Amounts falling due within one year:		
Trade debtors	4,601	290,528
Gross amounts due from contract customers	3,306,921	-
Other debtors	2,644,871	19,578
Prepayments and accrued income	172,999	345,499
	<u>6,129,392</u>	<u>655,605</u>

13 Creditors: amounts falling due within one year

	31/01/2017 £	31/10/2015 £
Corporation tax	710,388	17,568
Other taxation and social security	462,117	1,248,593
Other creditors	808,491	3,276,580
Accruals and deferred income	304,437	4,114,595
	<u>2,285,433</u>	<u>8,657,336</u>

14 Provisions for liabilities

	31/01/2017 £	31/10/2015 £
Retirement benefits	15 4,659,086	-
	<u>4,659,086</u>	<u>-</u>

The company has entered into agreements and is contractually obliged to expend fixed sums in the future to provide retirement benefits to senior employees under the terms of their pension agreements.

Movements on provisions:

	£
Additional provisions in the year	<u>4,659,086</u>

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2017

15 Retirement benefit schemes

	31/01/2017	31/10/2015
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	4,755,701	137,632

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions payable by company to the scheme during the year amounted to £96,615 (2015: £137,632).

The company also provided pension benefits in respect of senior employees. Amounts payable are charged to the profit and loss account in the year the contracts are entered into between the company and the employees. The number of directors to whom benefits are accruing under these pension agreements is 2 (2015: 0).

The contributions and potential liabilities of the company in respect of the pension agreements are fixed at least until the date of retirement of the employees which is over 10 years from the year end date.

The directors are of the opinion that the liability as disclosed in the financial statements represents the full and final amount which could be expected, at this stage, to be paid in the future to settle the pension agreement liabilities and it is considered that the characteristics of the pension arrangement most closely reflect those of a defined contribution scheme.

16 Share capital

	31/01/2017	31/10/2015
Ordinary share capital Issued and fully paid	£	£
710 Ordinary shares of £1 each	710	710
	<u>710</u>	<u>710</u>

17 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:

	31/01/2017	31/10/2015
	£	£
Within one year	16,667	8,800
Between two and five years	33,334	30,800
	<u>50,001</u>	<u>39,600</u>

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2017

18 Related party transactions

Included in other creditors at the balance sheet date is an amount of £666,067 (2015: £3,161,199) due to the directors.

During the year, the company received management charges totalling £Nil (2015: £12,000) from a company controlled by C P Hicks.

19 Controlling party

The ultimate controlling party is considered to be the directors with no single party having an overall control.

20 Cash generated from operations

	31/01/2017 £	31/10/2015 £
Profit for the period after tax	2,725,440	6,389
Adjustments for:		
Taxation charged	710,388	17,568
Investment income	(8,523)	(6,904)
Depreciation and impairment of tangible fixed assets	9,233	18,945
Increase in provisions	4,659,086	-
Movements in working capital:		
Decrease in stocks	5,756,307	212,598
(Increase) in debtors	(5,473,787)	(380,462)
(Decrease) in creditors	(7,064,723)	(395,209)
Cash generated from/(absorbed by) operations	1,313,421	(527,075)