

Company registration number 02728757 (England and Wales)

TUNNELCRAFT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022

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 (Audit) Limited 166 College Road Harrow Middlesex HA1 1RA
Business address	Ground Floor, Sidney House Christy Close Southfields Business Park Basildon Essex SS15 6TN

TUNNELCRAFT LIMITED

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TUNNELCRAFT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The directors present the strategic report for the year ended 31 January 2022.

Fair review of the business

The results for the year and the financial position at the year 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 no interest bearing assets or interest bearing liabilities.

TUNNELCRAFT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Key performance indicators

The key performance indicators used to determine the progress and performance of the company are set out below:

	2022	2021
	£	£
Turnover	22,093,060	11,558,670
Gross profit	3,316,587	1,948,372
Gross profit margin	15%	17%
Operating profit/(loss)	496,468	724,283
Earnings before interest, tax, depreciation and directors' pension (EBITDP)	1,724,518	995,985

EBITDP percentage of Sales

Operating profit as a percentage of sales is viewed as a key performance indicator for the business and this is reviewed regularly. The EBITDP is a more comparable measure of the performance of the business which shows that the EBITDP percentage of sales has decreased to 8% (2021: 9%). It is the intention of the company to continue to strengthen its financial performance in the industry by concentrating on and improving its management processes and further expanding its 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.

TUNNELCRAFT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

Future developments

The company intends to continue and build upon its deserved reputation as one of the finest tunnelling labour suppliers in the sector. The number of infrastructure projects which are planned for the country will mean Tunnelcraft Limited be invited to tender and will add to their already full sales book.

In addition, the company will continue to recruit and develop their in-house teams to ensure continuity and excellence of workforce.

On behalf of the board

C P Hicks
Director

28 October 2022

TUNNELCRAFT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The directors present their annual report and financial statements for the year ended 31 January 2022.

Principal activities

The principal activity of the company was that of a member of a trading LLP whose main activity is supply of labour for and the direct contracting for tunnelling projects.

Results and dividends

The results for the year are set out on page 9.

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:

J J Riordan
C P Hicks
J P Riordan

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;
- 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 YEAR ENDED 31 JANUARY 2022

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

28 October 2022

TUNNELCRAFT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUNNELCRAFT LIMITED

Opinion

We have audited the financial statements of Tunnelcraft Limited (the 'company') for the year ended 31 January 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 January 2022 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.

TUNNELCRAFT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TUNNELCRAFT 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.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the client partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify and recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors, key management personnel and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct effect on the financial statements or the operations of the company including the Companies Act 2006, current taxation legislation, data protection, anti-bribery and money laundering, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by;

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

TUNNELCRAFT LIMITED

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

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statements disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, enquiring of management over health and safety.

There are inherent limitations in our audit procedures described above. Auditing standards also limit the audit procedures required to identifying non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

28 October 2022

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Nirav Sheth (Senior Statutory Auditor)
For and on behalf of Charterhouse (Audit) Limited
Statutory Auditor

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

TUNNELCRAFT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2022

	Notes	2022 £	2021 £
Turnover	3	22,093,060	11,558,670
Cost of sales		(18,776,473)	(9,610,298)
Gross profit		3,316,587	1,948,372
Administrative expenses		(2,820,119)	(1,224,089)
Operating profit	4	496,468	724,283
Interest receivable and similar income	7	301	-
Profit before taxation		496,769	724,283
Tax on profit	8	(95,306)	(218,624)
Profit for the financial year		401,463	505,659
Earnings before interest, tax, depreciation and directors pension (EBITDP)		1,724,518	995,985

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

TUNNELCRAFT LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	9		81,739		16,073
Investments	10		12,741,680		10,273,493
			<u>12,823,419</u>		<u>10,289,566</u>
Current assets					
Debtors	11	-		41,223	
Creditors: amounts falling due within one year	12	(1,548,252)		(672,167)	
Net current liabilities			<u>(1,548,252)</u>		<u>(630,944)</u>
Total assets less current liabilities			11,275,167		9,658,622
Provisions for liabilities					
Provisions	13	7,144,511		5,929,429	
			<u>(7,144,511)</u>		<u>(5,929,429)</u>
Net assets			<u>4,130,656</u>		<u>3,729,193</u>
Capital and reserves					
Called up share capital	15		710		710
Profit and loss reserves			<u>4,129,946</u>		<u>3,728,483</u>
Total equity			<u>4,130,656</u>		<u>3,729,193</u>

The financial statements were approved by the board of directors and authorised for issue on 28 October 2022 and are signed on its behalf by:

C P Hicks
Director

Company Registration No. 02728757

TUNNELCRAFT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 February 2020	710	3,222,824	3,223,534
Year ended 31 January 2021:			
Profit and total comprehensive income for the year	-	505,659	505,659
Balance at 31 January 2021	710	3,728,483	3,729,193
Year ended 31 January 2022:			
Profit and total comprehensive income for the year	-	401,463	401,463
Balance at 31 January 2022	710	4,129,946	4,130,656

TUNNELCRAFT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	18	2,883,863		1,068,842	
Income taxes (paid)/refunded		(346,974)		643,179	
Net cash inflow from operating activities		2,536,889		1,712,021	
Investing activities					
Purchase of tangible fixed assets		(78,634)		(11,983)	
Proceeds from disposal of tangible fixed assets		9,631		-	
Addition in investments		(2,468,187)		(1,700,038)	
Interest received		301		-	
Net cash used in investing activities		(2,536,889)		(1,712,021)	
Net increase in cash and cash equivalents		-		-	
Cash and cash equivalents at beginning of year		-		-	
Cash and cash equivalents at end of year		-		-	

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

Company information

Tunnelcraft Limited is a private company limited by shares incorporated in England and Wales. The registered office and the business address 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.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable from the expense recharges, agency commission and license fees, provided in the normal course of business, and is shown net of VAT.

1.3 Tangible fixed assets

Tangible fixed assets are measured at cost net of depreciation and any impairment losses.

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

Plant and machinery	25% on cost
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.

1.4 Fixed asset investments

Fixed asset investments in trading LLPs are stated at the value of the members capital account in the LLP as at the balance sheet date.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand.

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

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 are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, are 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.

1.8 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.

1.9 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 Retirement benefits

The company 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.

Although under section 28 of FRS 102 this pension arrangement is regarded as being a defined benefit scheme, the directors consider that it does not bear any of the hallmarks of a defined benefit 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 14 to the financial statements.

The company also provides pension benefits (defined contribution) in respect of its 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 assets of the scheme are held separately from those of the company in an independently administered fund.

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Establishing useful economic lives for depreciation purposes of tangible fixed asset

Tangible fixed assets, consisting primarily of fixtures and fittings, computer equipment and motor vehicles. The annual depreciation charge depends on the estimated useful economic lives of each type of asset and estimated residual values. The directors regularly review these asset useful lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have an impact on depreciation charges for the period. Detail of useful economic lives is included in the accounting policies.

Estimating accruals

The company makes an estimate of accruals which is based on employee costs for the year and amounts paid in previous years. Any significant change in the amounts paid would have an impact on the operating results. The amount of accrual is reviewed on an on-going basis.

3 Turnover and other revenue

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

	2022 £	2021 £
Turnover analysed by class of business		
Sales	22,087,291	11,113,827
CJRS Government grant	5,769	444,843
	<u>22,093,060</u>	<u>11,558,670</u>
	2022 £	2021 £
Other revenue		
Interest income	301	-
	<u>301</u>	<u>-</u>

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	12,000	12,000
Depreciation of owned tangible fixed assets	12,968	33,898
Profit on disposal of tangible fixed assets	(9,631)	-
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Construction	179	95
Administration	7	8
	<u> </u>	<u> </u>
Total	186	103
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	14,550,093	6,881,216
Social security costs	1,738,897	815,323
Pension costs	1,407,982	355,944
	<u> </u>	<u> </u>
	17,696,972	8,052,483
	<u> </u>	<u> </u>

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	25,200	25,200
Company pension contributions to defined benefit schemes	1,215,082	237,804
	<u> </u>	<u> </u>
	1,240,282	263,004
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Other interest income	301	-
	<u> </u>	<u> </u>

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	129,716	218,624
Adjustments in respect of prior periods	(34,410)	-
Total current tax	95,306	218,624

The actual charge 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:

	2022 £	2021 £
Profit before taxation	496,769	724,283
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	94,386	137,614
Depreciation added back	12,968	6,440
Capital allowances	(75,059)	(1,604)
Non deductible share of loss in Investment	63,011	76,174
Taxation charge for the year	95,306	218,624

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2021	-	7,096	57,294	95,201	159,591
Additions	34,476	3,208	14,622	26,328	78,634
Disposals	-	-	-	(24,961)	(24,961)
At 31 January 2022	34,476	10,304	71,916	96,568	213,264
Depreciation and impairment					
At 1 February 2021	-	7,096	41,221	95,201	143,518
Depreciation charged in the year	1,937	387	9,000	1,644	12,968
Eliminated in respect of disposals	-	-	-	(24,961)	(24,961)
At 31 January 2022	1,937	7,483	50,221	71,884	131,525
Carrying amount					
At 31 January 2022	32,539	2,821	21,695	24,684	81,739
At 31 January 2021	-	-	16,073	-	16,073

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

10 Fixed asset investments

	2022 £	2021 £
Unlisted investments	12,741,680	10,273,493

The unlisted investments represents the company's capital account in Tunnelcraft Labour Services LLP as at the balance sheet date.

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 February 2021	10,273,493
Additions	2,468,187
At 31 January 2022	12,741,680
Carrying amount	
At 31 January 2022	12,741,680
At 31 January 2021	10,273,493

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	-	39,950
Prepayments and accrued income	-	1,273
	-	41,223

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Corporation tax	96,536	348,204
Other taxation and social security	769,499	121,301
Other creditors	385,358	34,475
Accruals and deferred income	296,859	168,187
	1,548,252	672,167

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

13 Provisions for liabilities

		2022 £	2021 £
Retirement benefits	14	7,144,511	5,929,429
Movements on provisions:			
			£
At 1 February 2021			5,929,429
Additional provisions in the year			1,215,082
At 31 January 2022			7,144,511

14 Retirement benefit schemes

	2022 £	2021 £
Defined contribution and benefit schemes		
Charge to profit or loss in respect of defined contribution schemes	192,900	118,140
Charge to profit or loss in respect of defined benefit schemes	1,215,082	237,804

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. The above pension charge includes an amount of £192,900 (2021: £118,140) in respect of defined contribution scheme paid by the company to the funds.

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 pension benefits are accruing under these pension agreements is 2 (2021: 2).

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.

Although under section 28 of FRS 102 this pension arrangement is regarded as being a defined benefit scheme, the directors are of the opinion that it does not bear any of the hallmarks of what is usually considered to be a defined benefit scheme and therefore no further disclosures are considered necessary in order to understand the nature and measurement of the liability.

The directors are also 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.

TUNNELCRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

15 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
236 Ordinary 'A' shares of £1 each	236	236
236 Ordinary 'B' shares of £1 each	236	236
238 Ordinary 'C' shares of £1 each	238	238
	<u>710</u>	<u>710</u>

The three share classes have equal voting rights, however the company may differentiate between the three classes for the purpose of declaring a dividend. Further information can be found at Companies House.

16 Related party transactions

During the year the company received £736,399 (2021: £570,414) in respect of its share of loss from Tunnelcraft Labour Services LLP, a limited liability partnership in which the directors and the company are designated members. During the year, the company re-charged for wages cost of £18,080,779 (2021: £8,356,347), subcontractor labour costs of £2,799,914 (2021: £2,269,315), pension of £192,900 (2020: £118,140), agency service commissions of £31,549 (2021: £26,364) licence fees of £935,534 (2021: £431,646) and use of plant and equipment costs of £46,615 (2021: £30,157) to Tunnelcraft Labour Services LLP on commercial terms.

17 Ultimate controlling party

Tunnelcraft Holdings Limited is the ultimate parent company of Tunnelcraft Limited and the results of Tunnelcraft Limited are included in the consolidated financial statements of Tunnelcraft Holdings Limited which are available at Ground Floor, Sidney House Christy Close, Southfields Business Park, Basildon, Essex, United Kingdom, SS15 6TN.

18 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	401,463	505,659
Adjustments for:		
Taxation charged	95,306	218,624
Investment income	(301)	-
Gain on disposal of tangible fixed assets	(9,631)	-
Depreciation and impairment of tangible fixed assets	12,968	33,898
Increase in provisions	1,215,082	237,804
Movements in working capital:		
Decrease/(increase) in debtors	41,223	(33,266)
Increase in creditors	1,127,753	106,123
Cash generated from operations	<u>2,883,863</u>	<u>1,068,842</u>

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.