

Company Registration No. 02888278 (England and Wales)

**T&W CIVIL ENGINEERING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

T&W CIVIL ENGINEERING LIMITED

COMPANY INFORMATION

Directors	Mr M D Burchnall Mr A Burchnall Mr N Burns Mr R Palmer
Company number	02888278
Registered office	Charlotte House 500 Charlotte Road Sheffield S2 4ER
Auditor	Knowles Warwick Audit Services Limited Charlotte House 500 Charlotte Road Sheffield S2 4ER
Business address	5 Pavilion Court Pavilion Drive Northampton NN4 7SL
Bankers	NatWest 5 Market Place Chesterfield S40 1TJ

T&W CIVIL ENGINEERING LIMITED

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T&W CIVIL ENGINEERING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business

The company specialises in the construction of groundworks and infrastructure for private housing developments with a client base of major house builders and developers. With a focus on efficiency and service we have built a reputation for a quality product with high levels of customer satisfaction. These levels of satisfaction have allowed the company to grow through continued repeat business with us operating across the Midlands and East of England.

Business performance remained strong in the financial year. Turnover was down 4.9% on the prior year, with the final quarter of the year impacted by a slower housing market, driven by high interest rates and the cost-of-living crisis. A reduction in turnover was expected given that turnover in 2021-22 was 28% up on the previous year. Gross margins continue to improve and, at 9.6%, were 0.4%pts up on the prior year and 1.2%pts up on the year ended June 2021. The investments we've made in personnel, plant and software continue to allow us to identify and maximise value enhancing opportunities across all areas of the business which has driven the margin improvements over the last two years.

Strong financial performance, coupled with a focus on debtor collection enabled £2mil cash to be moved up within the group meant and as a result with the company the cash balance decreased to £8.6m at the end of June 2023 compared to £9.6m at the same time last year.

Our corporate governance continues to deliver a framework in which we control our activities effectively and enables us to meet the high standard of workmanship and project delivery that have become expected of us. This in turn allows us to assist in the commercial effectiveness of our customers and suppliers and gives us the resources to adapt to our customers' needs as required. In September 2023 the group received its ISO 9001, 14001 and 45001 accreditations.

The company continued to meet its borrowing commitments during the year.

Principal risks and uncertainties

There's uncertainty around the 2023/24 financial year due to macro-economic conditions. Inflation and high interest rates in the UK continue to be a challenge and whilst the Government has introduced measures to address these issues, we don't foresee significant changes until the end of Q1 2024.

However, as demonstrated in recent years, the business is very well positioned to deal with these challenges. The strength of our cash position, the knowledge and experience of our staff and the long-standing relationships we have with both clients and customers puts us in a very good position to manage any potential uncertainty and maximise any opportunities that arise. Recent investment in software and technology also means we have real-time access to information allowing the business to respond to any market changes quickly. During the year, the company also diversified its customer base by commencing projects for two new major housebuilders.

The company uses on site valuations to measure the works performed each month for billing to customers. There can be sizeable differences between our internal valuations and that our customer however, great efforts have been made in the year to ensure that the valuations of works done are performed on a fair and reasonable basis and that this is also reflected in the valuations by customers to ensure the turnover reported is fairly stated and not liable to significant subsequent adjustment.

T&W CIVIL ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Development and performance

The overall strategy of the company continues to be that of maintaining our close working relationships with housing developers in the region and to maintain our reputation for excellent performance and project delivery. In doing so we will be well placed to take advantage of any opportunities that arise, either with existing or new clients.

The company continues to strive towards improving profit margins further and managing efficiencies within the business whilst maintaining and developing the strong relationships we have with our customers.

On behalf of the board

Mr M D Burchnall

Director

15 February 2024

T&W CIVIL ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities

The principal activity of the company during the year continued to be the provision of civil engineering work.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,000,000. 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:

Mr M D Burchnall
Mr A Burchnall
Mr N Burns
Mr R Palmer

Future developments

The directors aim to maintain the stable platform from which they operate for the forthcoming financial periods in terms of systems, personnel and processes. This structure will provide a base from which to grow in a controlled manner and focus on improving gross profit margins.

Auditor

In accordance with the company's articles, a resolution proposing that Knowles Warwick Audit Services Limited be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

The company consumes energy and creates emissions in the form of electricity usage and the burning of fuel used by plant, equipment and vehicles in the normal course of business. Due to the spread of activities across sites and the number of assets involved it is not practical to obtain and present energy and carbon information.

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.

On behalf of the board

Mr M D Burchnall
Director

15 February 2024

T&W CIVIL ENGINEERING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

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.

T&W CIVIL ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T&W CIVIL ENGINEERING LIMITED

Opinion

We have audited the financial statements of T&W Civil Engineering Limited (the 'company') for the year ended 30 June 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, 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 30 June 2023 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.

T&W CIVIL ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF T&W CIVIL ENGINEERING 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly followed auditing standards.

We assessed the susceptibility of the company's financial statements to material misstatement, including 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.

In response to the risk of revenue recognition, we;

- Performed analytical procedures to identify unusual transactions; and
- Performed detailed substantive testing across all revenue streams

In response to the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- 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 statement disclosures to underlying supporting documentation
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and other relevant parties.

T&W CIVIL ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF T&W CIVIL ENGINEERING LIMITED

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.

Steven Knowles FCA
Senior Statutory Auditor
For and on behalf of Knowles Warwick Audit Services Limited

16 February 2024

Chartered Accountants
Statutory Auditor

Charlotte House
500 Charlotte Road
Sheffield
S2 4ER

T&W CIVIL ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	3	99,581,980	104,702,799
Cost of sales		(89,978,066)	(95,048,314)
Gross profit		9,603,914	9,654,485
Administrative expenses		(5,810,692)	(5,722,340)
Other operating expenses		(2,375)	(4,874)
Operating profit	4	3,790,847	3,927,271
Other interest receivable and similar income	7	44,460	1,335
Profit before taxation		3,835,307	3,928,606
Tax on profit	8	(621,379)	(292,244)
Profit for the financial year		3,213,928	3,636,362

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

T&W CIVIL ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	£	£
Profit for the year	3,213,928	3,636,362
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,213,928</u>	<u>3,636,362</u>

T&W CIVIL ENGINEERING LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		157,993		171,415
Current assets					
Stocks	11	1,934,123		2,448,516	
Debtors	12	24,141,451		23,312,481	
Cash at bank and in hand		8,638,871		9,686,985	
		<u>34,714,445</u>		<u>35,447,982</u>	
Creditors: amounts falling due within one year	13	<u>(10,482,595)</u>		<u>(13,236,269)</u>	
Net current assets			24,231,850		22,211,713
Total assets less current liabilities			24,389,843		22,383,128
Provisions for liabilities					
Provisions	14	1,662,500		875,000	
Deferred tax liability	15	18,880		13,593	
		<u>(1,681,380)</u>		<u>(888,593)</u>	
Net assets			<u>22,708,463</u>		<u>21,494,535</u>
Capital and reserves					
Called up share capital	17		750,100		750,100
Profit and loss reserves			21,958,363		20,744,435
Total equity			<u>22,708,463</u>		<u>21,494,535</u>

The financial statements were approved by the board of directors and authorised for issue on 15 February 2024 and are signed on its behalf by:

Mr M D Burchnell
Director

Company registration number 02888278 (England and Wales)

T&W CIVIL ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 July 2021	750,100	17,108,073	17,858,173
Year ended 30 June 2022:			
Profit and total comprehensive income	-	3,636,362	3,636,362
Balance at 30 June 2022	750,100	20,744,435	21,494,535
Year ended 30 June 2023:			
Profit and total comprehensive income	-	3,213,928	3,213,928
Dividends	9	(2,000,000)	(2,000,000)
Balance at 30 June 2023	750,100	21,958,363	22,708,463

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

T&W Civil Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Charlotte House, 500 Charlotte Road, Sheffield, S2 4ER.

The principal activity of the company during the year continued to be the provision of civil engineering work.

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.

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 T&W Group Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that the total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expenses in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

1.4 Tangible fixed assets

Tangible fixed assets 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:

Leasehold improvements	15% Reducing balance
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Computer equipment	15% Reducing balance

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 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). 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.

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.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 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.

1.8 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 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.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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.

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 creditors, 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 creditors 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 creditors 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.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.9 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.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

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

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.

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 profit and loss account, 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.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

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 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.

1.14 Retirement benefits

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

1.15 Leases

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 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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.

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Civil engineering activities	99,581,980	104,702,799
	<u>99,581,980</u>	<u>104,702,799</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	99,581,980	104,702,799
	<u>99,581,980</u>	<u>104,702,799</u>

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other revenue		
Interest income	44,460	1,335
	<u>44,460</u>	<u>1,335</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	18,900	11,261
Depreciation of owned tangible fixed assets	27,561	34,986
(Profit)/loss on disposal of tangible fixed assets	-	75,713
Operating lease charges	54,763	52,061
	<u>101,224</u>	<u>174,021</u>

5 Employees

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

	2023	2022
	Number	Number
Directors	4	4
Administration	47	46
Site workers	3	3
	<u>54</u>	<u>53</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,267,226	2,964,071
Social security costs	388,421	296,338
Pension costs	159,695	146,245
	<u>3,815,342</u>	<u>3,406,654</u>

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	520,613	442,477
Company pension contributions to defined contribution schemes	46,206	44,456
	<u>566,819</u>	<u>486,933</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2022 - 4).

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

	2023 £	2022 £
Remuneration for qualifying services	197,675	155,446
Company pension contributions to defined contribution schemes	9,384	7,772
	<u>197,675</u>	<u>155,446</u>

7 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	44,460	1,335
	<u>44,460</u>	<u>1,335</u>

Disclosed on the profit and loss account as follows:

Other interest receivable and similar income	44,460	1,335
	<u>44,460</u>	<u>1,335</u>

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	616,092	367,819
Adjustments in respect of prior periods	-	(70,925)
Total current tax	<u>616,092</u>	<u>296,894</u>
Deferred tax		
Origination and reversal of timing differences	5,287	(4,650)
	<u>5,287</u>	<u>(4,650)</u>
Total tax charge	<u>621,379</u>	<u>292,244</u>

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Taxation

(Continued)

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:

	2023 £	2022 £
Profit before taxation	3,835,307	3,928,606
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	958,827	746,435
Tax effect of expenses that are not deductible in determining taxable profit	16,600	11,983
Effect of change in corporation tax rate	(135,390)	-
Group relief	(222,154)	(344,982)
Permanent capital allowances in excess of depreciation	(1,791)	(6,916)
Under/(over) provided in prior years	-	(70,925)
Deferred tax	5,287	(4,650)
Remedial provisions	-	(38,701)
Taxation charge for the year	621,379	292,244

9 Dividends

	2023 £	2022 £
Interim paid	2,000,000	-

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

10 Tangible fixed assets

	Leasehold improvements	Plant and fixtures, machinery & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2022	78,537	3,346	180,154	298,765
Additions	-	-	13,845	14,139
At 30 June 2023	78,537	3,346	50,573	312,904
Depreciation and impairment				
At 1 July 2022	45,682	680	77,699	127,350
Depreciation charged in the year	4,928	400	6,822	27,561
At 30 June 2023	50,610	1,080	10,111	154,911
Carrying amount				
At 30 June 2023	27,927	2,266	40,462	157,993
At 30 June 2022	32,855	2,666	33,439	171,415

11 Stocks

	2023 £	2022 £
Raw materials and consumables	1,934,123	2,448,516

12 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	15,989,836	16,727,972
Corporation tax recoverable	97,977	89,069
Amounts owed by group undertakings	6,691,041	5,060,411
Other debtors	1,050,196	1,231,815
Prepayments and accrued income	312,401	203,214
	24,141,451	23,312,481

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

13 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	8,013,550	11,350,917
Amounts owed to group undertakings	-	1,177
Taxation and social security	200,379	211,822
Other creditors	474,322	21,873
Accruals and deferred income	1,794,344	1,650,480
	<u>10,482,595</u>	<u>13,236,269</u>

14 Provisions for liabilities

	2023 £	2022 £
Remedial works provision	1,562,500	775,000
Muck away provision	100,000	100,000
	<u>1,662,500</u>	<u>875,000</u>

Movements on provisions:

	Remedial works provision £	Muck away provision £	Total £
At 1 July 2022	775,000	100,000	875,000
Additional provisions in the year	787,500	-	787,500
At 30 June 2023	<u>1,562,500</u>	<u>100,000</u>	<u>1,662,500</u>

The remedial works provision accounts for potential repair works on site to be performed on projects that the company carries out. Sites are periodically reviewed to assess the likelihood of this and provisions are made where it is probable that repair would be required to be undertaken. The provision is calculated based upon the expected labour and material costs required to perform the remedial works.

The muck away provision accounts for potential removal of waste materials from sites that has incurred during projects that the company has carried out. Sites are periodically reviewed to assess the likelihood of this and provisions are made where it is probable that removal of waste will be required. The provision is calculated based upon the expected labour and removal costs required to clear away the wastage.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	18,880	13,593
Movements in the year:		2023 £
Liability at 1 July 2022		13,593
Charge to profit or loss		5,287
Liability at 30 June 2023		18,880

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

16 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	159,695	146,245

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.

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

17 Share capital

	2023	2022
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
750,000 Non Voting Redeemable shares of £1 each	750,000	750,000
	<u>750,100</u>	<u>750,100</u>

The company has one class of ordinary share which carry no right to fixed income. Each ordinary share carries voting rights and full rights to dividends and capital distributions (including upon winding up).

The holder of the non-voting redeemable B shares shall be entitled to receive notice of, attend and speak but not vote at general meetings. The maximum amount repayable as capital upon winding up is £1 per share at the option of the company.

18 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its head office. The lease has no fixed term and is charged annually at the prevailing market rate.

19 Events after the reporting date

There are no events after the balance sheet date which the directors feel should be brought to the attention of the members.

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases 2023	Purchases 2022
	£	£
Entities with control, joint control or significant influence over the company	498,000	498,000
Group entities which are not wholly owned	-	9,708,414
Group entities which are wholly owned	9,610,712	-
	<u>9,610,712</u>	<u>9,708,414</u>

The following amounts were outstanding at the reporting end date. The amounts were interest free and repayable upon demand:

	2023	2022
	£	£
Amounts due to related parties		
Group entities which are not wholly owned	-	1,177
	<u>-</u>	<u>1,177</u>

T&W CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

20 Related party transactions (Continued)

	2023	2022
Amounts due from related parties	£	£
Entities with control, joint control or significant influence over the company	6,691,041	5,060,411

21 Ultimate controlling party

The company's parent company is T&W Holdings Limited, a company registered in England & Wales under company number 03045006.

The ultimate controlling company is T&W Group Limited, a company registered in England & Wales under company number 09769419.

The financial statements of the company are consolidated into the financial statements of T&W Group Limited.

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.