

TUNNEL TECH NORTH LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 30 JUNE 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		30 June 2019 £	31 December 2017 £
	Note		
FIXED ASSETS			
Tangible assets	4	6,120,001	7,026,758
CURRENT ASSETS			
Stocks	5	331,462	321,789
Debtors: amounts falling due within one year	6	6,166,536	2,682,301
Cash at bank and in hand	7	271,744	462,185
		<u>6,769,742</u>	<u>3,466,275</u>
Creditors: amounts falling due within one year	8	<u>(3,610,713)</u>	<u>(3,600,688)</u>
NET CURRENT ASSETS/(LIABILITIES)		3,159,029	(134,413)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,279,030	6,892,345
Creditors: amounts falling due after more than one year	9	(34,581)	-
PROVISIONS FOR LIABILITIES			
Deferred tax	11	(292,663)	(306,847)
NET ASSETS		8,951,786	6,585,498
CAPITAL AND RESERVES			
Called up share capital	12	351,000	351,000
Profit and loss account	13	8,600,786	6,234,498
		<u>8,951,786</u>	<u>6,585,498</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P D Wilson
Director

Date: 25 March 2020

The notes on pages 3 to 12 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	351,000	6,234,498	6,585,498
Profit for the period	-	2,848,288	2,848,288
Dividends: Equity capital	-	(482,000)	(482,000)
AT 30 JUNE 2019	351,000	8,600,786	8,951,786

The notes on pages 3 to 12 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	351,000	5,268,923	5,619,923
Profit for the year	-	965,575	965,575
AT 31 DECEMBER 2017	351,000	6,234,498	6,585,498

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

1. GENERAL INFORMATION

Tunnel Tech North Limited is a limited liability company incorporated in England and Wales. The registered office is The Old Airfield, Winchester Street, Leckford, Stockbridge, Hampshire, SO20 6JF.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bromcraft Limited as at 30 June 2019 and these financial statements may be obtained from Companies House.

2.3 GOING CONCERN

Other members of the wider group have agreed to provide ongoing financial support as necessary. Amounts owed to other group companies will only be repaid if payment is not detrimental to the company's ability to meet its other liabilities as and when they fall due.

On this basis, and having considered the current situation on COVID-19 as noted in the directors' report, the directors have concluded it is appropriate that the financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-
	5 - 15% Straight Line
Plant and machinery	-
	5 - 50% Straight Line
Motor vehicles	-
	5 - 50% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

2. ACCOUNTING POLICIES (continued)

2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. ACCOUNTING POLICIES (continued)

2.12 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.13 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.14 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.15 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

2. ACCOUNTING POLICIES (continued)

2.17 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. EMPLOYEES

The average monthly number of employees, including the directors, during the period was as follows:

18 months to 30 June 2019 No.	Year to 31 December 2017 No.
<u>32</u>	<u>29</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
COST OR VALUATION				
At 1 January 2018	2,695,584	15,478,121	73,749	18,247,454
Additions	316,488	94,721	144,376	555,585
At 30 June 2019	3,012,072	15,572,842	218,125	18,803,039
DEPRECIATION				
At 1 January 2018	2,053,354	9,134,136	33,206	11,220,696
Charge for the period on owned assets	214,494	1,218,712	29,136	1,462,342
At 30 June 2019	2,267,848	10,352,848	62,342	12,683,038
NET BOOK VALUE				
At 30 June 2019	<u>744,224</u>	<u>5,219,994</u>	<u>155,783</u>	<u>6,120,001</u>
At 31 December 2017	<u>642,230</u>	<u>6,343,985</u>	<u>40,543</u>	<u>7,026,758</u>

Included within freehold property is £60,000 (2017: £60,000) of land which is not being depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	30 June 2019 £	31 December 2017 £
Motor vehicles	<u>61,500</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

5. STOCKS

	30 June 2019 £	31 December 2017 £
Stock	89,640	79,278
Work in progress	241,822	242,511
	<u>331,462</u>	<u>321,789</u>

Stock recognised as an expense and included in 'cost of sales' amounted to £3,442,748 (2017: £2,189,295).

6. DEBTORS

	30 June 2019 £	31 December 2017 £
Trade debtors	456,389	499,045
Amounts owed by group undertakings	5,448,346	1,953,232
Other debtors	159,101	182,396
Prepayments and accrued income	102,700	47,628
	<u>6,166,536</u>	<u>2,682,301</u>

The amounts owed by group undertakings are unsecured, repayable on demand and interest free.

7. CASH AND CASH EQUIVALENTS

	30 June 2019 £	31 December 2017 £
Cash at bank and in hand	<u>271,744</u>	<u>462,185</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2019 £	31 December 2017 £
Trade creditors	526,707	652,008
Amounts owed to group undertakings	2,466,178	1,565,252
Corporation tax	-	379,946
Other taxation and social security	24,808	20,508
Obligations under finance lease and hire purchase contracts	17,260	-
Other creditors	12,771	13,554
Accruals and deferred income	562,989	969,420
	<u>3,610,713</u>	<u>3,600,688</u>

The amounts owed to group undertakings are unsecured, repayable on demand and interest free.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2019 £	31 December 2017 £
Net obligations under finance leases and hire purchase contracts	<u>34,581</u>	<u>-</u>

10. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	30 June 2019 £	31 December 2017 £
Within one year	17,260	-
Between 1-5 years	34,581	-
	<u>51,841</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

11. DEFERRED TAXATION

	2019 £	2017 £
At beginning of year	(306,847)	(319,122)
Charged to profit or loss	14,184	12,275
AT END OF YEAR	(292,663)	(306,847)

The provision for deferred taxation is made up as follows:

	30 June 2019 £	31 December 2017 £
Accelerated capital allowances	(292,674)	(306,999)
Other short term timing differences	11	152
	(292,663)	(306,847)

12. SHARE CAPITAL

	30 June 2019 £	31 December 2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
351,000 (2017: 351,000) Ordinary shares of £1.00 each	351,000	351,000

13. RESERVES

Profit and loss account

The profit and loss account includes all current and prior period retained profit and losses.

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the company to the scheme and amounted to £27,404 (2017: £10,281)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019**

15. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2019 £	31 December 2017 £
Other		
Not later than 1 year	61,695	156,838
Later than 1 year and not later than 5 years	-	137,959
	<u>61,695</u>	<u>294,797</u>

16. RELATED PARTY TRANSACTIONS

	30 June 2019 £	31 December 2017 £
Sales to companies within the same corporate group	7,686,497	4,494,785
Purchases from companies within the same corporate group	410,531	195,885
Amounts owed from companies within the same corporate group	5,448,346	1,877,585
Amounts due to companies within the same corporate group	2,466,178	1,318,233
Purchases from companies under common directorship	1,705,513	1,300,281
Amounts owed from companies under common directorship	-	103,572
	<u>17,717,065</u>	<u>9,290,341</u>

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Bromcraft Limited, a company incorporated in England and Wales. The company's ultimate parent company is Elst, a company incorporated in the Republic of Ireland.

The directors are of the opinion that the company is ultimately controlled by R C Wilson, by virtue of shareholding and influence in the company's ultimate parent undertaking.

18. AUDITORS' INFORMATION

The auditors' report on the financial statements for the period ended 30 June 2019 was unqualified.

The audit report was signed by Simon Morrison FCA (Senior Statutory Auditor) on 25 March 2020 on behalf of Bishop Fleming Bath 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.