



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

THE LONDON TUNNELS PLC

(FORMERLY THE LONDON TUNNELS LTD)

Registered No. 13160590

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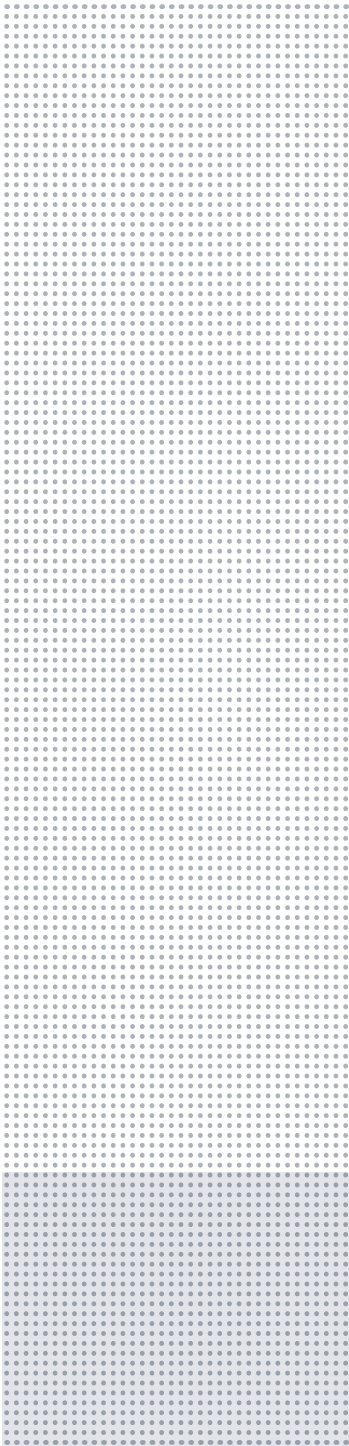
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Company information

Company	The London Tunnels PLC (formerly The London Tunnels Limited)
Directors	PF Curtin KJ Leo ASD Murray APB Jones CEJ Nelson
Company Secretary	SGH Company Secretaries Limited
Company number	13160590
Registered office	2nd Floor Nicola Jane House Southern Gate Chichester West Sussex PO19 8SE United Kingdom
Auditor	KPMG LLP 15 Canada Square London E14 5GL United Kingdom



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Overview

Overview

The London Tunnels Plc (the **Company**) (formerly The London Tunnels Limited) was incorporated as a private company limited by shares on 27 January 2021. On 2 November 2023, the Company re-registered as a public company. The registered office address is 2nd Floor, Nicola Jane House, Southern Gate, Chichester, West Sussex, United Kingdom, PO19 8SE. The principal place of business address is 31-33 High Holborn, London, WC1V 6AX and 38-39 Fumival Street, London, EC4 1AB.

The principal activity of the Company is to develop a series of visitor attractions in the Kingsway Exchange Tunnels.

After the end of the financial year, on 27 June 2024, the Company's shares were listed on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (the **Listing**).

Following the Listing, the Company started a capital raise for an amount of up to £30 million through the issue of up to a further 15,000,000 new Ordinary Shares to institutional investors in various jurisdictions, excluding the United States (the **Placing**).



The Tunnels is a groundbreaking redevelopment initiative, transforming a mile-long network of historical World War II tunnels beneath Central London into a world-class visitor attraction.

The Company intends to develop the Kingsway Exchange Tunnels (the **Tunnels**) into a major tourist attraction by restoring them back to life to offer a combination of a historical heritage experience and a cultural, beautifully designed, multi-sensory, digital experience.

The London Tunnels is a groundbreaking redevelopment initiative, transforming a mile-long network of historical World War II tunnels beneath Central London into a world-class visitor attraction. This heritage-led project aims to offer an immersive experience, combining historical significance with modern technology, including digital installations, multi-sensory exhibits, and hospitality features like an underground bar.

The Tunnels, originally designed for shelter during the war, are being repurposed to boost tourism and cultural engagement. The project is expected to draw up to 2 million annual visitors, significantly enhancing London's heritage and economic appeal, contributing to both cultural enrichment and post-pandemic recovery. Leveraging cutting-edge digital technology, this initiative creates a unique, interactive journey through London's wartime history.

The development is overseen by a team with expertise in investment, heritage conservation, and technological innovation. The project's strategic objectives include job creation, fostering local business, and contributing to the region's long-term economic sustainability. As a cornerstone of the city's cultural landscape, the London Tunnels project seeks to provide both local and international visitors with a novel way to explore and experience the capital's rich historical fabric.

The focus of the London Tunnels project aligns with broader strategic goals of economic revitalisation and cultural preservation, leveraging its historical significance to offer a dynamic and educational experience while simultaneously generating long-term shareholder value.



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Chairman's statement

Chairman's statement

Dear Shareholders,

On behalf of the Board of Directors of The London Tunnels PLC, I am pleased to report on our significant progress over the past year. Thank you for your unwavering support throughout the fiscal year ending March 31, 2024.

As chairman, I am responsible for leading the Board and ensuring its effectiveness in all aspects of its work, including maintaining sound corporate governance and overseeing the efficient operation of the Company's committees. To fulfil this role, I ensure that the Board's members possess the skills, traits, and expertise necessary for the company's current and future business activities. I provide leadership by focusing the Board's agenda on strategy, performance, value creation, and accountability, ensuring that these critical topics are reserved for Board deliberation and approval. Additionally, I ensure that the Board has effective decision-making processes and that key initiatives receive appropriate scrutiny. It is also my duty to ensure directors receive accurate, timely, and clear information.

I facilitate effective communication with shareholders and other stakeholders regarding the Company's performance and policies, including areas like remuneration policy, share schemes, incentives, and corporate governance. This role also involves making sure that all directors are aware of the views of the Company's shareholders and stakeholders. I encourage a culture of openness and discussion, fostering the active participation of non-executive directors and building constructive relationships between executive and non-executive directors. Lastly, I ensure that the Board defines the nature and scope of the significant risks the firm is prepared to accept as part of its strategy, while also ensuring that there are no barriers that prevent directors from exercising effective oversight in this area.

Progress on key projects

Operationally, we have made substantial strides with our core projects. We successfully advanced through the Royal Institute of British Architects (RIBA) Stages 0, 1, and 2, culminating in the submission of our planning applications to the City of London and Camden Council on November 30, 2023.

Progress in the next financial year

Listing: Following the close of the financial year ending March 2024, The London Tunnels PLC has made significant progress, marked by noteworthy advancements. A major highlight was our successful listing on Euronext Amsterdam, facilitated by ABN AMRO BANK NV. This strategic move positions us to leverage the expansive European equity and debt capital markets and to benefit from the favourable business environment in the Netherlands. This listing is a cornerstone of our long-term strategy, enhancing our access to global capital markets and supporting our growth ambitions.

Chairman's statement continued

Planning: I am thrilled to announce that we received unanimous planning approvals from the City of London on June 11, 2024, and from Camden Council on July 11, 2024. These approvals are significant milestones that pave the way for the next stages of our development.

Acknowledgment of directors and their contributions

I would like to express my sincere appreciation to our directors and committee members for their exceptional work and dedication throughout the year. Their strategic guidance has been instrumental in our achievements.

I am pleased to confirm that all Directors will be reappointed, ensuring continuity in our pursuit of excellence and our strategic vision.

Strategic outlook for the coming year

Looking ahead, we are setting ambitious goals. Our primary focus will be to complete the leasehold purchase of the Kingsway Exchange Tunnels, an essential step toward transforming The London Tunnels into a landmark attraction. We are actively raising the necessary funds for this initiative. Our vision is to develop this unique asset to rival iconic London attractions such as The London Eye and Madame Tussauds. With a projected annual capacity of 3 million visitors, this development will be a landmark addition to London's cultural and historical landscape, seamlessly blending historical significance with modern appeal.

Thank you once again for your continued support and investment in The London Tunnels PLC. We look forward to sharing more updates and successes with you in the coming year.

Yours sincerely,



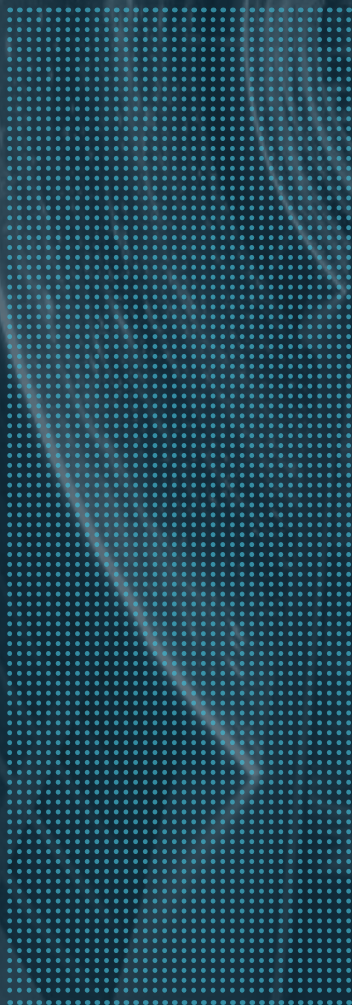
Peter Curtin

Chairman of the Board | The London Tunnels PLC



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Strategic report



Strategic report

The purpose of the strategic report is to inform shareholders of the Company and help them assess how the directors have performed their duty under their duty under s172 of the UK Companies Act 2006, as amended (the **Companies Act**) to promote the success of the Company for the benefit of the shareholders as a whole, and in doing so, have regard to:

- The likely consequences of any decisions in the long term
- The interest of the Company's employees
- The need to foster the Company's business relationships
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conducts
- The need to act fairly as between shareholders in the Company

Introduction

The Company intends to develop a series of visitor attractions in the Kingsway Exchange Tunnels (the **Tunnels**) by restoring, adaptively reusing and bringing back to life the Tunnels, offering a combination of heritage experiences and a cultural, well-designed, multi-sensory, digital experience. It is anticipated that the Tunnels will ultimately have a design capacity of approximately 3 million visitors per annum. The content could be based around a single theme, or could form a series of regularly changing exhibitions. At this stage, however, no specific designs or use of content have been finalised.

The technology and the appeal of such experiences can be seen in digital art galleries that have opened around the world over the last five years. Such galleries present, amongst other things, laser video projections or digital screens (LCD/LED) of art as part of choreographed sound and light shows, often using historic building interiors as the backdrop. The immersive digital exhibitions are designed from thousands of images of digitised works of art, broadcast in very high resolution via optical fibre and often set in motion to the rhythm of music.

Vision for The Tunnels

The current vision for the Tunnels includes plans for a 'must-see' attraction in Central London, with ticketed visitors experiencing:

Heritage

- the heritage and history of a recreated wartime London (focusing on the London Blitz);
- digital displays of the history of the Special Operations Executive, the secret section of MI6, started by Winston Churchill and the location of the fictional Q-Branch in Ian Fleming's James Bond novels; including the fact this was the "reserve war room" in May 1944; and
- digital interactive screens retaining some of the original telecommunication's equipment used to connect the USSR and United States during the Cuban Missile Crisis.

Cultural

- themed content based on either partner content or bespoke content creating a digitally imagined world below London, enabling visitors to blend imagination and reality with technologically advanced visual displays, physical structures such as life size trees, sounds, music, and scent technology, much of which can be interactive;
- a themed attraction based potentially on a blockbuster film or film studio franchise, with the Tunnels providing a unique backdrop; and
- journeys into the past and present, such as to the pyramids, the Sistine Chapel, the Amazon rain forest or the Great Wall of China.

Hospitality

- the deepest licensed bar in London and the United Kingdom.

The project aims to collaborate with like-minded partners, museums and universities across both the City of London and Camden.

Development strategy

In order to develop the Tunnels, the Company implemented a plan of work following the guidelines set out by the Royal Institute of British Architects (**RIBA**). The RIBA plan of work is the industry standard model for the design and construction process of buildings and organises the process of briefing, designing, constructing and operating building projects into eight stages and explains the stage outcomes, core tasks and information exchanges required at each stage.

The Company together with its consultants and advisers has worked intensively since 2020 through RIBA Stages 0 (Strategic Definition) to 2 (Concept Design) to bring the project to its current status.

Following the Listing and receipt of permissions that the Company requires from the relevant local authorities before developing the Tunnels from The City of London Corporation and The London Borough of Camden (the **Planning Permission**), the Company intends, subject to completion of the Placing, to progress the project through RIBA Stages 3 and 4, which includes design studies, engineering analysis, architectural studies, cost planning, statutory applications and construction preparation, and which is expected to take approximately six to twelve months following receipt of Planning Permission.

RIBA Stage 3 is fundamentally about testing and validating the architectural concept, to ensure that the architectural and engineering information prepared at Stage 2 is spatially coordinated before the detailed information required to manufacture and construct the building is produced at Stage 4. Detailed design studies and engineering analysis will be undertaken to ratify the assumptions made during Stage 2 and to layer more detail onto the design.

RIBA Stage 4 involves the preparation of all information required for manufacture and construction. A building regulations application is expected to be made during Stage 4, before work commences on site. It will also be necessary to discharge any pre-commencement planning conditions. Cost control measures are applied during this stage, which might include the preparation of an updated cost plan, bills of quantities or pricing schedules. The contract for building is expected to be agreed and signed during this stage, to allow Stage 5 to commence.

The final stages of the project, which are scheduled from 2025 and which will require project financing and additional equity, together if appropriate with other forms of financing (for example, council grants, ticket pre-sales and revenue factoring), will involve RIBA Stages 5, 6 and 7, with full opening planned for 2027.

The business model

The Company's business plan and strategic objective is to restore, renovate and develop the Tunnels to create a major new visitor attraction in Central London comprising must-see heritage, cultural and hospitality experiences, which it currently estimates will launch in 2027. The business plan is underpinned by the Tunnel's uniqueness and history, size, capacity and location in Central London.

As the Company does not currently operate a revenue-generating business and is in the process of preparing the Tunnels for commercial launch, it will need to secure additional funding beyond March 2026 to sustain its operations. Without further funding, the Company

might face challenges in continuing its activities and achieving its goal of launching commercially. The Company will need to raise additional capital to fund the Phase 3 work programme of the project, comprising manufacturing, construction as well as content and handover, as per RIBA Stages 5, 6 and 7.

Development and performance during the period

Position of company at year end

Readers of this annual report are reminded that the Company is not currently generating revenue, as it remains focused on preparing the Kingsway Exchange Tunnels for commercial launch. Consequently, the financial results reflect an outflow of funds primarily related to professional fees and capitalised research & development costs. These fees were incurred in connection with listing the Company and securing the necessary planning approvals from the City of London Corporation and the London Borough of Camden.

As at the date of the year end, 31 March 2024, the company was well placed to execute its plans as detailed within this annual report.

Following the year end, the company converted £7,089,944 of Zero Coupon Convertible Bond debt into new ordinary shares of the company. Furthermore, prior to listing on Euronext Amsterdam, the company converted £6,778,000 of Convertible Bond debt into £3,727,900 new ordinary shares. These transactions have a positive impact on the change in equity position post year-end.

Readers are reminded that further disclosure on the company and its future plans are available within the prospectus, which is available on the Company's website and was filed with Euronext Amsterdam in connection with the admission to listing and trading of the ordinary shares in the capital of the Company.

Funds raising through share issues

Following the Listing of the Company on 27 June 2024, the Company intends to raise up to a further £30 million through the issue of up to a further 15,000,000 new Ordinary Shares to institutional investors in various jurisdictions, excluding the United States.

The Company intends to raise up to £30 million through the issue and received irrevocable commitments from 15 investors to subscribe for 12,490,000 Ordinary Shares at the Issue Price (i.e., for a total amount of £24,980,000) in the Placing. As at the date of signing these audited financial statements, the Company has raised c£5.5m and without further funding, the Company might face challenges in continuing its activities and achieving its goal of launching commercially.

Summary of cashflows

In November 2024, the Company received £1,980,000 from Infrastructure LDN Credit Fund as proceeds from a 10 per cent loan note, repayable in 24 months. Infrastructure LDN Credit Fund is an investment fund of which Angus Murray is a director.

The Company is focused on developing the Kingsway Exchange Tunnels, but currently lacks a revenue-generating business. Directors have identified factors that could influence the project's timeline and cash flow, emphasizing the need for additional funding to sustain operations and achieve a commercial launch. Without securing further capital, the Company may face difficulties in continuing its activities and meeting its objectives. A material uncertainty exists regarding its ability to continue as a going concern, as highlighted by cash flow forecasts reviewed for the eighteen months following the approval of its financial statements. The estimated funding requirement, projected at £120 million over the next few years, will be pursued through various means, including equity, loans, private credit, and potentially a project bond.

To support these efforts, the Company plans to conduct an independent asset valuation post-Planning Permission and engage investment banking or structured finance experts. Discussions with financial institutions are already underway, with some having provided indicative terms. Directors are mindful of implementing cost deferral measures to maintain operations until adequate funding is secured and remain confident in presenting these financial statements on a going concern basis. The financial statements exclude any adjustments that might arise if this basis were deemed inappropriate.

Leasehold

As at the date of the year end, 31 March 2024, the Company had paid two non-refundable deposits of £600,000 and has subsequently advanced £7,098,700 to Exchange Tunnels Ltd. As at the date of this document, the Company has paid a £8,298,700 and Exchange Tunnels Ltd has used the funds to finance the freehold acquisition of the Tunnels, and completion was executed on 29 November 2024. The acquisition of the leasehold must be completed on or before 30 June 2025.

A summary of the expected terms of the Agreement to Lease between the company and Exchange Tunnels Ltd are as follows:

- Premium: £10,600,000 exclusive of VAT (£9,600,000 exclusive of VAT until the Original Exchange Tunnels Lease was amended on 29 November 2023)
- Term: 100 years
- Rent: a peppercorn per annum (if demanded)
- Permitted Use: as a cultural and heritage experience showcasing the arts, the natural world and/

or history or with the consent of Exchange Tunnels (such consent not to be unreasonably withheld or delayed) any other use falling within Class E of the Schedule to the Town and Country Planning (Use Classes) Order 1987

- Insurance: the Company to insure in joint names of Landlord (Exchange Tunnels) and Tenant (the Company)
- Repair: the Company to keep the Tunnels in repair
- Alterations: permitted without consent except where alterations would adversely split the Tunnels or affect the EPC rating of the Tunnels.
- Alienation:
 - Assignment of whole permitted with consent of Exchange Tunnels (not to be unreasonably withheld or delayed) to an assignee but not during first two years of the term
 - Charging of whole permitted with consent of Exchange Tunnels (not to be unreasonably withheld or delayed)
 - Sharing occupation with group companies permitted without consent of Exchange Tunnels
 - Underletting prohibited

Under this transaction, the property company, i.e. Exchange Tunnels Ltd, maintains ownership of the real estate and related debt, while the operating company, i.e. the Company, conducts day-to-day operations and management. This structure allows for different types of financing and credit ratings for both companies to remain separate and is common in real estate transactions.

Section 172(1) Statement

As directors of The London Tunnels PLC (the **Directors**), we are committed to upholding our duties under Section 172(1) of the Companies Act. In making decisions, we have acted in good faith and with the intention of promoting the success of the Company for the benefit of our shareholders as a whole. This statement outlines how we have considered the matters set out in Section 172(1) during the year ended 31 March 2024.

Long-term strategy:

- We have consistently focused on the long-term vision and future growth of the Company. This includes investing in the business plan and strategic objective and maintaining financial prudence during the development stages to ensure the Company remains robust in the face of economic uncertainties.

Business relationships:

- Maintaining strong relationships with the project team, key stakeholders and other business partners is essential. We engage in fair and transparent practices and seek to build lasting partnerships. Regular communication and feedback loops with our stakeholders help us improve and address any issues promptly.

Community and environmental impact:

- We are committed to minimising our environmental footprint and positively contributing to the communities where we operate. We strive to operate sustainably and ethically in all our business practices.

High standards of business conduct:

- We uphold high standards of business conduct and corporate governance. The Company has a Financial Reporting Procedures Manual and has adopted best practices as defined within The Quoted Companies Alliance Corporate Governance Code 2023.

Key decisions

The following key decisions were taken during the financial year:

- Lease: the Company entered into an agreement for a lease in respect of the Tunnels dated 10 July 2023.
- Appointment of non-executive directors: the Company appointed two independent non-executive directors in August 2023.
- Convertible bond: in order to assist with the Company's capital commitments and to provide further liquidity, the Company issued a convertible bond on 6 October 2023.
- Re-registration: in order to prepare the Company for the Listing, and in light of the requirements of section 90 of the Companies Act 2006 ("Re-registration of a private company as public"), on 26 October 2023 the Company passed a special resolution of the members of the Company authorising the re-registration, adopted new articles of association and changed the Company's name to The London Tunnels PLC.
- Planning Permission: the Company submitted planning applications to The City of London Corporation and The London Borough Camden to restore, adaptive re-use and bring back to life the Tunnels.
- On 31 March 2024, PEF, a related party, applied for a conversion of Zero-Coupon Convertible Bonds to the value of £5,396,044 to ordinary shares. The Board approved this conversion on 08 April 2024 and a subsequent debt for equity transaction occurred.

Shareholders

As the board of the Company (the **Board**) we aim to directly engage with and be directly accountable to institutional investors and private retail shareholders. We do this in several ways, including regular communications. We rely on the support of shareholders and their opinions are important to us. We want to enable shareholders to have an in-depth understanding of our strategy and operational and financial performance, so they can accurately assess the value of our shares.

Shareholder feedback along with details of movements in our shareholder base are reported to and discussed by the Board and their views are considered as part of decision-making.

Principal risks and uncertainties

The following is a summary of the key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In making the selection, the Company has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Company's business, financial condition, results of operations and prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise:

- The Company does not have sufficient working capital for its longer term requirements and may need to either delay and/or renegotiate its plans or dispose of part or all of its assets, including the Tunnels.
- The Company may not acquire the leasehold of the Tunnels as a result of which the Company will not be able to implement its business plan and the Shareholders could suffer a substantial reduction in the value of their Ordinary Shares.
- The Company has no operating history and there can be no certainty that the Company will generate any revenue or that it will create and launch a commercially successful visitor attraction in the Tunnels.
- The structural integrity of the Tunnels may be affected by factors related to their age or other, unforeseen and changing factors which may cause increases in costs and may adversely impact revenues.
- The safe removal of asbestos may take longer, and cost more than the Company currently anticipates.
- The loss of one or more key members of the Company's management team or other personnel, or its failure to attract and retain other qualified and professional personnel in the future, could harm the Company's business, financial condition, results of operations and prospects.
- The Company targets to operate in a competitive market and there is no guarantee that sufficient numbers of visitors will be attracted by the Company's offering to make the Tunnels a commercial success.
- The development, installation and maintenance of new technologies purpose-built and designed for the Company may cost more time and money than the Company currently anticipates.
- Failures in, or disruption to, the Company's IT and other systems may have a material adverse effect on the Company's business, brands and reputation and financial condition.
- Reliance on the performance of other third party providers may have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Responsible business

At a glance

At The London Tunnels Plc, we are deeply committed to operating responsibly and ensuring that our actions contribute positively to our stakeholders, the environment, and the communities we serve. Our responsible business strategy is central to our purpose, driving our long-term success while promoting sustainability and ethical practices across all aspects of our operations.

Community

We recognise the importance of contributing to the communities where we operate. Our approach involves engaging with local stakeholders to understand their needs and work collaboratively to create positive social and economic impacts. We support initiatives that enhance local infrastructure, provide educational opportunities, and foster community well-being, ensuring that our presence leaves a lasting, beneficial legacy.

Engaging stakeholders

Engaging with our stakeholders is crucial to our success. We maintain open and transparent communication with all our stakeholders, including investors, employees, and suppliers. Our stakeholder engagement strategy is built on the principles of trust, fairness, and mutual respect, ensuring that their needs and concerns are always considered in our decision-making processes. This approach not only strengthens our relationships but also helps us to continually improve our operations and deliver value to all parties involved.

Operating responsibly

We are committed to upholding the highest standards of corporate governance, business ethics, and environmental sustainability. Our operations are guided by a robust set of policies designed to prevent bribery, corruption, and human rights abuses, and we take proactive measures to ensure compliance with all relevant laws and regulations. We also prioritise data privacy and cybersecurity, continuously enhancing our practices to protect our stakeholders' information.

Targeting bribery and corruption

We do not tolerate bribery or corruption in any form. Our anti-bribery and corruption set of policies apply to all our businesses, employees and suppliers.

The Risk & Compliance team monitors compliance, with a view to ensuring all parts of the business are aware of their responsibilities in terms of charitable donations, sponsorships, gifts and hospitality. All employees must complete financial crime training annually.

By integrating these principles into every aspect of our business, we aim to create better outcomes for today, tomorrow, and generations to come.

Upholding human rights

We are committed to playing our role in society by ensuring that we have the systems, policies and processes in place to identify any potential instances of exploitation and, if found, eradicate modern slavery in all its forms from our business and supply chain.

Our updated human rights policy details our commitments to upholding the principles of human rights, as set out in the UN Declaration of Human Rights and the International Labour Organisation core labour principles. We comply with all relevant legislation, including the UK Modern Slavery Act and our compliance statement can be found on our website. We outline expectations and compliance to the standards we set out for suppliers, working with them to ensure they operate in accordance with this policy, and upholding the principles of human rights in their operations and supply chains. We are taking appropriate steps to ensure that everyone who works for the Company benefits from a working environment in which their fundamental human rights are respected and anyone that we do business with also upholds these principles.

Protecting privacy

Our clients and our colleagues expect us to keep their data safe and secure, and to respect their privacy. We take this responsibility very seriously, with a view to ensuring we only process personal data in line with all applicable laws, including how we collect, store, use, retain, transfer and delete personal data. Our privacy policy details how we expect everyone to take responsibility for privacy, including the protection of data, applying our privacy standards, procedures and guidance in their areas of the business. These requirements include maintaining information asset registers, following a comprehensive incident management process, ensuring privacy by design, and data protection impact assessments. We continue to improve our privacy and data management practices.

Risk management and internal control

The activities of the Company are subject to a number of risks. If any of these risks were to materialise, there could be a materially adverse effect to the Company's business, financial condition and the results of future operations. The Board is responsible for, and regularly reviews, the main risks that the Company is currently exposed to and any potential future risks that need to be considered. The discharge of this responsibility is intended to occur through an ongoing systematic review of the operational effectiveness of internal controls and procedures, designed to identify, manage, and monitor all areas involving material risks to the Company and those outside of risk appetite.

The Board is mindful of the ICAEW's guidance for Directors on internal controls which sets out that in determining what constitutes a sound system of internal controls it is proposed that boards consider:

- the nature and extent of the risks which they regard as acceptable for the Company to bear within its particular business;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact on business if the risk crystallises; and
- the costs and benefits resulting from operating relevant controls.

The risk register adopted by the Board, which is set out at Appendix N of the Financial Reporting Procedures Manual, will aid the Board in reviewing what it considers to be its key risks.

The risk register summarises the Board's view of the risks around People, Markets, Operations, Customer Reputation, Cash, IT infrastructure and Legal. Each risk is scored and assessed as to:

- probability; and
- impact, with the scoring ranging from 1 for low risk to 5 for high risk.

The score for probability is multiplied by the score for impact to arrive at an overall Risk Rating score, the higher the score, the higher the business risk.

The risk register comments on the actions being taken to mitigate the risk in question, with a score for mitigation (a Control Rating) then subtracted from the Risk Rating to arrive at a revised risk score.

The risk register is reviewed by the Board at each Board meeting and updated as necessary.

A group of people are gathered in a museum, looking at a large, circular, curved display wall. The wall is covered with historical aerial photographs of a city, likely London, showing the extensive damage from the Blitz. Several people are visible: a woman in a striped shirt and a man in a dark jacket are in the foreground, looking up at the display. A man with a backpack is standing in the center, looking at the wall. A woman is on the right, holding a smartphone. A person in a wheelchair is also visible on the right. The display wall features various annotations and numbers, such as '18' and 'churches were completely destroyed, including 15 Wren churches'. The overall atmosphere is one of historical reflection and education.

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Corporate governance

Corporate governance

Quoted Companies Alliance Code

The London Tunnels Plc is committed to maintaining high standards of corporate governance. The Directors support a high standard of corporate governance and have decided to adopt the QCA Corporate Governance Code in 2023 (the **QCA Code**) as published by the Quoted Companies Alliance. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. While the Company embraces the QCA Code, full compliance has not yet been achieved. Specifically, Principle 6 (Board Composition) is not strictly met. However, the Board is well-resourced with the skills and expertise needed to fulfill its governance responsibilities effectively. The Board remains committed to reviewing its structure to align further with the Code as the business evolves.

Principle 1: Establish a business strategy and business model which promote long-term value for shareholders

The Company's business model and strategy is set out in the Strategic report on pages 9 to 15. The Directors believe that the Company's model and growth strategy will help to promote long-term value for shareholders. The principal risks facing the Company are set out within the Financial Reporting Procedures Manual. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks, including implementing a risk management framework.

Principle 2: Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The culture is set by the Board and is considered and discussed at Board meetings and the Board is aware that the tone and culture it sets impacts all aspects of the Company and the way that employees behave. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Company are expected to operate in an ethical manner in all of their internal and external dealings.

The Board takes responsibility for the promotion of ethical values and behaviours throughout the Company, and for ensuring that such values and

behaviours guide the objectives and strategy of the Company. The Company also has an established code for directors' and employees' dealings in securities and is in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (including any relevant delegated regulations (the **EU Market Abuse Regulation**), and the EU MAR as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018, as amended (the **UK Market Abuse Regulation**).

The Directors believe that a long-term sustainable business model is essential for discharging the Board's responsibility to promote the success of the Company, its employees, shareholders and other stakeholders of the business. In considering the Company's strategic plans for the future, the Directors will proactively consider the potential impact of its decisions on all stakeholders within its business, in addition to considering the broader environmental and social impact as well as the positive impact it can have within the local community in which the Company operates.

The Company fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Company and supply chain.

Principle 3: Seek to understand and meet shareholder needs and expectations

The Board is committed to and actively encourages effective relationships and communication with the Company's shareholders.

All shareholders are actively encouraged to participate in the Company's general meetings. The Company prepares an agenda and explanatory notes for each general meeting, which is sent to all shareholders and is available for download from the Company's website.

The Company will seek to maintain an active dialogue with shareholders, who will be kept up to date with the Company's developments by way of announcements made through a Company press release on matters of a significant substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected deviations to market expectations will be announced through a Company press release. The Company's general meetings will be an opportunity for shareholders to meet with the Chairman and other members of the Board.

General meetings will be open to all shareholders, giving them the opportunity to ask questions and raise issues

during the formal business or, more informally, following the meeting. The results of the general meeting will be announced through a regulatory information service.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored, and the Company intends to engage, as appropriate with shareholders who do not vote in favour of resolutions at general meetings.

All contact details for investor relations are included on the Company's website at thelondontunnels.com/investors

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Company takes its stakeholder interests, including its corporate social responsibilities, very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders as part of its business strategy. The Board will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business.

The Company has established the Sustainability and ESG Committee.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board takes appropriate steps to identify risks and undertake internal controls, assurance activities and a mitigation strategy to manage these risks, an overview of the principal risks facing the Company are within the Financial Reporting Procedures Manual. A review of these risks is carried out at least on an annual basis. The Board has overall responsibility for the determination of the Company's risk management objective and policies and has also established the Audit and Risk Committee.

Principle 6: Establish and maintain the board as a well-functioning, balanced team led by the chair

The Board comprises two executive directors and three non-executive directors, two of those non-executive directors being independent. The Board considers that it combines a blend of sector and market expertise, with an effective executive management team and appropriate oversight by independent non-executive directors. The Company is satisfied that, whilst the composition is not strictly compliant with the QCA Code, the current Board

is sufficiently resourced to effectively discharge its governance obligations on behalf of all its shareholders and other stakeholders in the Company.

The Board meets regularly, and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties. The Board is also supported by the Audit and Risk Committee, the Nomination and Remuneration Committee, the Disclosure Committee and the Sustainability and ESG Committee. The Nomination and Remuneration Committee has responsibility for reviewing the structure, size and composition of the Board, giving consideration to succession planning and reviewing the leadership needs of the organisation. As recommended by the QCA Code guidance, the independent non-executive directors will not participate in performance-related remuneration schemes.

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Directors believe that the Board has a balance of sector, financial and public market skills and experience appropriate for the size and stage of current development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whilst also enabling each director to discharge his or her fiduciary duties effectively. Experiences are varied and contribute to maintaining a balanced Board that has the appropriate level and range of skill to develop the Company. The Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically.

While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Company retains the services of independent advisers including financial, legal, and investor relations advisers that are available to the Board and who provide support and guidance to the Board and complement the Company's internal expertise. The Board has also received a briefing from the Company's lawyers in respect of continued compliance with, inter alia, the EU MAR Regulation and the UK MAR.

The Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

The Board is supported by the Audit and Risk Committee, Nomination and Remuneration Committee, Disclosure Committee and Sustainability and ESG Committee, further details of which are set out in the section "Governance structure and division of responsibilities" of this Governance report. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advisers, as necessary, to enable the committee to fulfil its duties.

The Board intends to review the Company's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the Board, Audit and Risk Committee, Nomination and Remuneration Committee, Disclosure Committee, Sustainability and ESG Committee and individual performance of each Director. Given the current size and stage of development of the Company, the Directors' have decided to postpone a formal evaluation until next year.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Board is supported by the Nomination and Remuneration Committee, further details of which are set out above. In respect of the remuneration duties, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to directors' remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the executive directors (being the senior management) (including fees paid to the company secretary of the Company).

The Company's proposed remuneration policy can be found on page 28. The Nomination and Remuneration Committee have given due regard to the provisions and recommendations in the QCA Code when determining the remuneration policy.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The Board is of the view that the annual report and accounts as well as its half year report are key communication channels through which progress in meeting the Company's objectives and updating its strategic targets can be given to shareholders. Additionally, the Board will use the Company's general meetings as a mechanism to engage directly with shareholders, to give information and receive feedback about the Company and its progress.

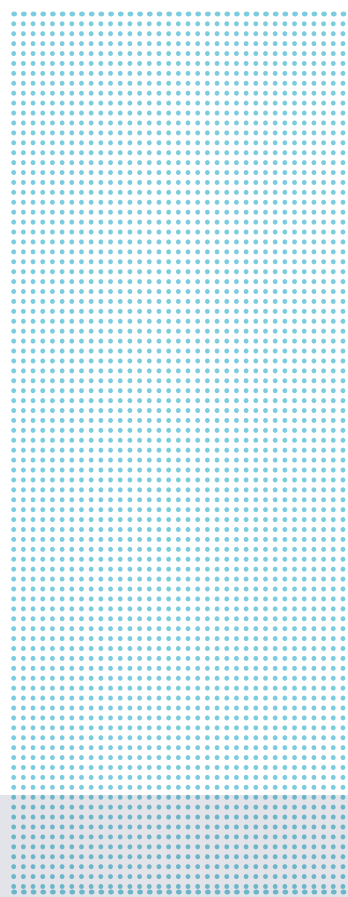
The website is updated on a regular basis with information regarding the Company's activities and performance, including financial information and the contact details for investor relations can be found on the Company's website at thelondontunnels.com/investors

This Governance report was approved by the Board and signed on its behalf by:

Peter Curtin

Chairman

Date: 9 December 2024

Governance structure and division of responsibilities

The board

Role of the board

The Board is responsible for promoting The London Tunnels Plc's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore in decision making. The Board establishes the Company's purpose and values and sets the Company's strategy, ensuring alignment with our culture, and overseeing its implementation by management. The Board is responsible for oversight of the Company's governance, financial reporting, internal controls, and risk management, including the Company's risk appetite. The Board is also collectively responsible for ensuring the Company's ongoing compliance with applicable laws and regulations.

Board composition and election

Our Board currently comprises five members: the Chief Executive Officer (**CEO**), the Chief Operation Officer (**COO**) and three independent non-executive directors who are experienced individuals, drawn from a wide range of industries and backgrounds with the skills to promote the long-term sustainable success of the Company. Board composition is a deliberate balance of newer and longer-standing members and reflects the ongoing review and refreshment of Board membership to ensure a balance of skills and experience appropriate for the nature of the Company's businesses. The experience and tenure of the non-executive directors means the Board is well positioned to advise, challenge, and support executive management as the Company progresses its growth strategy.

All Directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's annual general meeting (the **AGM**). In accordance with the QCA Code, all Directors will retire and offer themselves for election or re-election at the 2024 AGM to be held on 3 January 2025.

Board leadership and company purpose

The Board is responsible to the Company's shareholders for the performance, overall strategic direction, values and governance of the Company.

It provides the leadership necessary to enable the Company's business objectives to be met within the framework of the internal controls detailed in the report.

The Company's articles of association allow the Directors to authorise a conflict of interest register has been set up to record all actual and potential conflict situations which have been declared. The Company has instituted procedures to ensure that Directors outside interests do not give rise to conflicts with its operations and strategy.

Board meetings

The Board meets quarterly in-person and more often virtually if required (for example when a major event takes place). The Board understands the need for corporate governance and compliance to ensure the Company meets all of its publicly-listed obligations.

The Board Pack is issued in advance of every meeting. All Directors are expected to attend each Board meeting.

Board minutes are documented and maintained, as well as being formally approved at the following Board meeting.

Board committees

The Board has constituted the following committees:

- Audit and Risk Committee;
- Nomination and Remuneration Committee;
- Disclosure Committee; and
- Sustainability and ESG Committee.

For further details, please see below.

Attendance at board and committee meetings

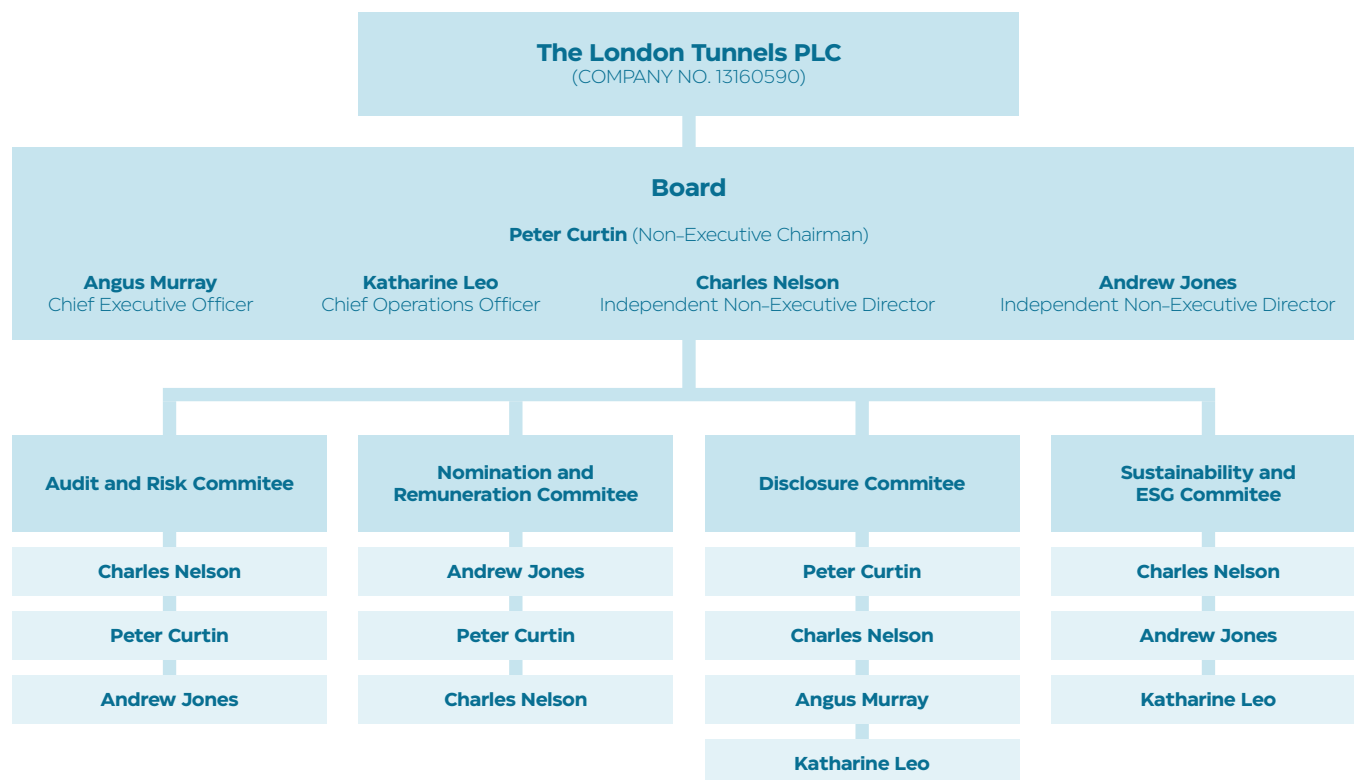
The list below includes the attendance at the scheduled meetings during the financial year. Figures in brackets denote the maximum number of meetings that could have been attended.

Board

Angus Murray	4(4)
Peter Curtin	3(4)
Katharine Leo	4(4)
Charles Nelson	3(3)
Andrew Jones	3(3)

During the financial year ended 31 March 2024, no formal meetings of any of the Company's committees were held.

Board of Directors



Angus Stewart Douglas Murray (CEO, aged 54)

Mr Murray is the founder and managing principal of Castlestone Management LLC, a United States registered investment adviser which has been managing assets since 2001. Castlestone Management LLC currently advises two Maltese regulated UCITS compliant funds and one Cayman Islands Private Fund. In addition, Mr Murray is a director of a Private Fund domiciled in the Cayman Islands. Previously, Mr Murray held the position as Co-Head of International Equities for NatWest Markets USA. In October 1997, he joined Macquarie Bank's equity department in London, before being appointed as President of Macquarie Holdings (USA) Inc. Between October 1997 and March 2000, he held the dual responsibilities as President of Macquarie Holdings (USA) Inc and managing principal of Castlestone Management LLC. He resigned from Macquarie in March 2000 to manage Castlestone Management LLC. Mr Murray holds a number of Securities Licences in the US (NASD Series 7, 24, 63 & 65) and is registered as an

Investment Advisor Representative with the Securities & Exchange Commission. Mr Murray was granted a waiver, given his experience, by the NJ Bureau of Securities on 27 October 2016 for his Series 65. He is also registered with the Directors Registration and Licensing Act of the Cayman Islands. In December 1996, Mr Murray also founded Castlestone Management Incorporated, which was formed to advise a European family office on its alternative investment strategies. Castlestone Management Incorporated was an independently owned investment manager that managed alternative assets between 1996 and 2020. In addition to being a director of Castlestone Management Incorporated, he was the principal fund manager and on the investment committee for a number of British Virgin Islands public, professional, and private funds. Mr Murray was born in Sydney, Australia. He received a Bachelor of Financial Economics from the University of London, England.

Board of Directors continued

Katharine Jane Leo (COO, aged 60)

Katharine (Katy) Leo, has over 40 years' experience in finance across a number of sectors, including asset management, fund administration, risk assessment and regulatory compliance. She has also worked with a diverse range of clients including institutional investors, family offices, high-net-worth individuals and corporations and has extensive experience in Accounting, Financial Administration, Fund accounting, Audit and Operations. Ms Leo began her career in the motor trade, working for a group of BMW dealerships where ultimately she was responsible for the management of the finance department alongside managing the operations of other departments. She restarted her career working for various charities and in April 2006 began working at Castlestone Management Ltd, where she has held senior roles as Head of Operations and Finance Manager. For the last decade, Ms Leo has owned and operated a group of UK limited companies that provide back-office services to investment advisers and collective investment schemes in various jurisdictions.

Peter Francis Curtin (Non-Executive Chairman, aged 76)

Peter Curtin has over forty years' experience of the securities industry both in broking and investment management. Before retiring as an active fund manager with Merrill Lynch Investment Managers in March 2000 he was responsible for managing over US\$2 billion of assets. He has extensive experience in international equity markets in particular those of the Asia Pacific region. For a number of years after retirement Mr Curtin was a non-executive director of a Hong Kong based hedge fund, being Hindsight Investment Management, an AIM listed investment company, being MG capital, and also acted as an advisor to a small family wealth office. Mr Curtin is a Director of the Company and was previously a director of a number of other Cayman Islands private funds and British Virgin Islands public funds.

Throughout his career in the finance industry Mr Curtin has held a number of positions, starting in 1964 as a broker's settlement clerk before working his way up to vice president/director level with large investment management businesses.

Mr Curtin is a member of the Chartered Institute for Securities & Investment.

Charles Edward Johannes Nelson (Independent Non-Executive Director, aged 62)

Mr Nelson has over 35 years' experience in the Financial Services Industry, principally on banking. His career at Macquarie Securities Group London spanned over two decades where, as a Senior Managing Director, he was responsible for numerous equity sales teams and European equity syndication. Mr Nelson led the EMEA and APAC business for Meetyl, a leading independent fintech corporate access business, and is currently Managing Director Head of UK at Morrow Sodali, the global consultancy specialising in shareholder and bondholder services, corporate governance, proxy solicitation and capital markets transactions. During his time at Macquarie Securities Group, Mr Nelson held the following Controlled Functions designations: CFI, Director; CF8, Apportionment and Oversight; CF21, Investment Adviser; and CF30, Customer Function.

Andrew Peter Britton Jones (Independent Non-Executive Director, aged 62)

Andrew Jones graduated with a Bachelor of Commerce from the University of Western Australia. Commencing on the trading floor of the Perth Stock Exchange in Oct 1980, Mr Jones specialised in arbitrage trading of Australian resource equities, spending a number of secondments over the following years with member firms of London Stock Exchange. Following the move to dual capacity in early 1986, Mr Jones moved permanently to London in September to work on the floor of The London Stock Exchange as a market maker in Australian equities for White & Cheesman. Over the following two decades, Mr Jones held several trading, sales and leadership roles in Australasian equities with a range of global Investment banks, finishing with Citigroup in Dec 2004. Mr Jones established Bespoke Sports Limited in early 2005 to manage the affairs of professional golfers, teaching instructors and media personalities. In April 2016, Mr Jones commenced consulting to Jago Partners (London) Limited, a brand marketing agency focusing on digital strategies.

Committees of the Board

The following committees were formed:

Audit and Risk Committee

The Audit and Risk Committee is chaired by Charles Nelson and its other members are Peter Curtin and Andrew Jones.

The Audit and Risk Committee will meet no less than two times a year, at appropriate intervals in the financial reporting and audit cycle, and otherwise as required. It is intended that the chair of the Audit and Risk Committee will be available at AGMs of the Company to respond to questions from the shareholders on the activities of the Audit and Risk Committee.

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits, the internal controls environment, including reviewing and monitoring the integrity of the Company's annual and future interim financial statements, reviewing and monitoring the extent of any non-audit work undertaken by the Auditor, overseeing the Company's relationship with the auditor, reviewing the effectiveness of the external audit process and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual reports and accounts and the half-yearly reports remains with the Board.

The Audit and Risk Committee will also advise the Board on the appointment of the auditor and on its remuneration for both audit and non-audit work, as well as discussing the nature, scope and results of the audit with the auditor. The Audit and Risk Committee will take appropriate steps to ensure that the auditor is independent of the Company and obtains written confirmation from the auditor that they comply with guidelines on independence issued by the Financial Reporting Council.

The Audit and Risk Committee will give due consideration to laws and regulations and the provisions of the QCA code. The Audit and Risk Committee is also responsible for (i) advising the Board on the Company's risk strategy, risk appetite, tolerance and risk policies and current risk exposures (principal and emerging); (ii) evaluating the Company's principal risks to be taken into account when assessing the Company's prospects; (iii) overseeing the implementation and maintenance of the overall risk management framework and systems; and

(iv) reviewing the Company's risk assessment processes and capability to identify and manage new risks.

The Audit and Risk Committee will continually assess and monitor the need for an internal audit function in the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Andrew Jones, independent non-executive director. Other members are Charles Nelson, independent non-executive director, and Peter Curtin, non-executive Chairman.

The Nomination and Remuneration Committee will meet as and when required, but at least twice per annum. It is intended that the chair of the Remuneration Committee will be available at AGMs to respond to questions from the shareholders on the activities of the Nomination and Remuneration Committee.

In respect of the remuneration duties the Nomination and Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the Directors. The committee will also ensure compliance with the QCA Code when determining the remuneration policy.

In respect of the nomination duties the Committee will assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It will also be responsible for periodically reviewing the Board's structure and composition and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, and retirements and appointments of additional and replacement directors and committee members, and will make appropriate recommendations to the Board on such matters.

Disclosure Committee

The Disclosure Committee was formed on 27 June 2024 and is chaired by Peter Curtin, Non-Executive Chair. Its other members include Angus Murray (CEO), Katharine Leo (COO) and Charles Nelson, independent non-executive director.

The Disclosure Committee will meet twice per annum and otherwise as necessary in order to discharge its duties.

The Disclosure Committee is responsible for: (i) the identification of inside information and related announcement and record-keeping obligations, including considering whether conditions for delaying the announcement of inside information or selectively disclosing inside information are satisfied; (ii) consideration, review and verification of announcements and other public disclosures (for example, relating to regular reporting or website disclosures and publications); (iii) consideration, review and verification of the company's regular public reporting and other disclosures; (iv) overview of systems, controls and procedures to ensure compliance with the rules related to inside information and other disclosure requirements and guidance (including changes and developments); and (v) overview of training available to Board members, Disclosure Committee members and the broader workforce on the EU MAR and the UK MAR.

Sustainability and ESG Committee

The Sustainability and ESG Committee is chaired by Charles Nelson, independent non-executive director. Other members include Andrew Jones, independent non-executive director and Katharine Leo (COO).

The Sustainability and ESG Committee will meet at least once a year and otherwise as required.

The Sustainability and ESG Committee is responsible for supporting the Board to execute oversight of ESG-related issues relevant to regulators and shareholders. The Sustainability and ESG Committee ensures that there is an appropriate framework of policies, procedures, systems and controls in relation to sustainability and ESG matters, promoting the appropriate culture, behaviours and decisions in relation to those matters and communicating the Board's commitment to these matters to the Company's staff, contractors and other stakeholders.

Directors' report

The directors have pleasure in presenting their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 March 2024. Comparative figures relate to the 15-month period ended 31 March 2023.

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

Information about the use of financial instruments by the Company are given in note 15 to the financial statements.

Dividend

No dividends were paid or recommended during the current or prior financial year.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 11 to the financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the QCA Code, the Companies Act, and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Directors

The Directors, who served throughout the year and subsequent to the year-end were as follows:

- Angus Stewart Douglas Murray – CEO
- Katharine Jane Leo – COO
- Thomas David Cumming (resigned 17 October 2023)
- Peter Francis Curtin – Chair
- Andrew Peter Britton Jones (appointed on 25 August 2023) – independent, non-executive director
- Charles Edward Johannes Nelson (appointed on 25 August 2023) – independent, non-executive director

The Board considers that the contribution of each of these Directors is, and continues to be, important to the Company's long-term sustainable success. The company maintains a directors and officers insurance policy to protect company's directors and board members from personal liability.

The governance code followed by the company requires UK companies to consider diversity in their board composition, including:

Gender balance: At least 40% of the board should be women, and at least one senior board position should be held by a woman.

Ethnic minority representation: At least one board member should be from an ethnic minority background, as defined by the Office for National Statistics (ONS).

Other factors: Boards should consider other factors such as nationality, educational attainment, age, and socio-economic background.

Board composition: The board should have an appropriate balance of skills and experience and should not be dominated by one person or group.

The Board composition does not consist of 40% woman, nor does it have any ethnic representation, although it is noted that the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

Substantial shareholdings

On 31 March 2024, the Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the following voting rights as a shareholder of the Company.

Name of holder	No. of ordinary shares	Percentage of voting rights and issued share capital
Cupcake Partners Limited	50,000,000	80.94%
Private Equity (ESG) Fund Inc	4,452,850*	7.21%
Others	7,320,172	11.85%
	61,773,022	100%

Private Equity (ESC) Fund Inc : As at 31 March 2024, there was an unconditional obligation to issue shares for the conversion of Zero-Coupon Convertible Bonds. To reflect this unconditional obligation, the shares to be issued of 2,698,022 ordinary shares (valued at £5,396,044) are presented in the financial statements within a prepaid share reserve. On 08 April 2024, the Board approved the conversion, and the transaction, unconditionally committed prior to year-end, was executed post year-end.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applied in the European Union ("IFRS as adopted by the EU") and UK-adopted international 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 its profit or loss for that period. In preparing the financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable, relevant and reliable;

state whether they have been prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 and UK-adopted international accounting standards;

assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Carbon reporting

The Company has opted not to include any Streamlined Energy and Carbon Reporting (SECR) within this report as it does not meet the Large Company threshold or energy consumption threshold requiring additional reporting. In addition the Company has no office space or employees.

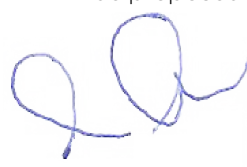
Just for background the threshold is: Under the SECR's definition, companies and LLPs are considered "large" if they meet two or more of the following criteria:

- a turnover of £36 million or more
- a balance sheet of £18 million or more
- 250 employees or more

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and, the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Royce Peeling Green Limited formally resigned as auditor on 16 July 2024 and as recommended by the Audit and Risk Committee, KPMG LLP were appointed as successor auditor. A resolution to reappoint KPMG LLP will be proposed at the forthcoming AGM.



A S D Murray
Director
Date: 9 December 2024

Committee reports

Audit and Risk Committee report

The Audit and Risk Committee was formed on 27 June 2024 and is chaired by Charles Nelson and its other members are Peter Curtin and Andrew Jones.

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and future interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the external auditor, advising on the appointment of external auditor, overseeing the Company's relationship with its external auditor, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal audit, internal controls, risk management, whistleblowing and fraud systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Audit and Risk Committee operates within a scope and remit defined by specific terms of reference determined by the Board.

The Audit and Risk Committee meets at least twice a year to review and discuss the Company's half-year and full year accounts.

The principal areas of focus of the Audit and Risk Committee:

- monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance;
- reviewing significant financial reporting issues, accounting policies and disclosures in financial reports, which are considered to be in accordance with the key audit matters identified by the external auditor;
- overseeing that an effective system of internal control and risk management systems are maintained;
- ensuring that an effective whistleblowing, anti-fraud and bribery procedures are in place;
- overseeing the Board's relationship with the external auditor and external accountants and, where appropriate, the selection of new external auditor;
- monitoring the statutory audit of the annual financial statements, in particular, its performance, taking into account any findings and conclusions by the competent authority;
- approving non-audit services provided by the

- external auditor, or any other accounting firm, ensuring the independence and objectivity of the external auditor is safeguarded when appointing them to conduct non-audit services; and
- ensuring compliance with legal rules and regulations and accounting standards.

Principal activities during the year

During the financial year ended 31 March 2024, no formal meeting of the Audit and Risk Committee was held, however, since 31 March 2024 the Audit and Risk Committee has been involved in undertaking the following activities:

- appointment of external auditor and recommendation to the Board;
- review of audit planning and update on relevant accounting developments;
- consideration and approval of the risk management framework, appropriateness of key performance indicators;
- consideration and review of full-period results;
- review of the effectiveness of the Audit and Risk Committee;
- review of internal controls; and
- consider whether an internal audit function is required and confirmed not considered necessary given the present size of the Company.

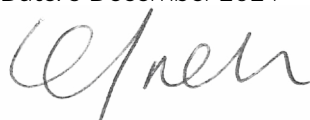
External auditor

The Company's external auditor is KPMG LLP. The external auditor has unrestricted access to the Audit and Risk Committee Chair. The Committee is satisfied that KPMG LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditor reports to the Audit and Risk Committee annually on its independence from the Company. In accordance with professional standards, the partner responsible for the audit will be changed every five years. The current auditor, KPMG LLP, was first appointed by the Company on 25 July 2024 and therefore the current partner is due to rotate off the engagement after completing the audit for the financial year ending 31 March 2028. Having assessed the performance objectivity and independence of the auditor, the Committee will be recommending the reappointment of KPMG LLP as auditor to the Company at the 2024 AGM.

Charles Nelson

Chairman of the Audit and Risk Committee

Date: 9 December 2024



Nomination and remuneration committee report

The Nomination and Remuneration Committee was formed on 27 June 2024 and is chaired by Andrew Jones and its other members are Charles Nelson and Peter Curtin.

In respect of the remuneration duties, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to Directors' remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the Directors.

The Nomination and Remuneration Committee meets not less than twice a year. During the financial year ended 31 March 2024, no formal meeting of the Nomination and Remuneration Committee was held.

Nomination and Remuneration Committee's main responsibilities

The principal areas of focus of the Nomination and Remuneration Committee:

- considering the remuneration policy, employment terms and remuneration of the Directors and advisers;
- making recommendations to the Board on the overall remuneration packages; and
- reviewing the policies of comparable companies in the industry when considering the remuneration packages of the Directors;
- reviewing the composition and make-up of the Board and any committees of the Board; and
- identifying potential candidates to be appointed as Directors or committee members as the need may arise.

Andrew Jones

Chair of the Nomination and Remuneration Committee
Date: 9 December 2024



Remuneration policy

Below the approach to designing the remuneration policy and the remuneration policy table, which includes the elements of Directors' remuneration are set out. It sets out each element's purpose and link to strategy, how it works, the opportunity, boundaries and performance measures that may apply.

The Company's remuneration strategy aims to ensure strong alignment with its strategic priorities, to create shareholder value, and to provide market-competitive remuneration to enable the attraction and retention of top leadership talent.

Approach to designing the remuneration policy

The Nomination and Remuneration Committee is responsible for determining and agreeing with the Board on the Directors' remuneration policy and overseeing its implementation. The Nomination and Remuneration Committee has clear terms of reference, works with management and independent advisers to develop proposals and recommendations, and exercises independent judgment when making decisions. This process is considered to manage any potential conflicts of interest.

When considering how to structure and position the remuneration packages for the executive directors, the Nomination and Remuneration Committee first considers the Company's strategy and business objectives and then considers market data from a range of sources that includes listed companies of a similar size and complexity and international peers.

In designing an appropriate incentive structure for the executive directors and other senior management, the Nomination and Remuneration Committee seeks to set challenging performance criteria aligned with the Company's business strategy and the generation of sustained shareholder value. The Nomination and Remuneration Committee is also mindful of the need to avoid inadvertently encouraging risky or irresponsible behaviour, including behaviour that could raise environmental, social or governance (ESG) issues.

Policy table: executive directors

Element	Purpose and link to strategy	Operation	Potential value and performance measures
Base salary	To provide a competitive and appropriate level of basic fixed pay to attract, motivate and retain individuals of the caliber required to lead the business, reflecting their experience, performance and responsibilities.	Base salaries are reviewed annually and any changes normally take effect from 1 April each year. In determining salaries and salary increases, the Nomination and Remuneration Committee will take account the inflation in the local market where the executive director resides. On an exceptional basis, the Nomination and Remuneration Committee may also take into account the executive director's knowledge, contribution to the role, length of time in office, and any additional responsibilities since the last salary review. New appointments or promotions will be paid at a level reflecting the executive directors' level of experience in the particular role and the local market benchmarks in the country where they are located. There are no normal hours of work predetermined by the Company for the Executive. The Executive shall work the hours the Executive determines necessary for the proper performance of the Executive's duties. The Executive acknowledges that the Executive can determine the Executive's own Working Time and therefore the Employment is within Regulation 20(1) of the Working Time Regulations 1998 and therefore the limit in Regulation 4(1) of the Working Time Regulations 1998 shall not apply to the Executive or the Employment..	Salary increases are awarded based on local market inflation.
Variable remuneration	Variable remuneration is designed to ensure that executive directors take decisions in the interest of the longer-term success of the Company. Having measures that look at profitable growth and performance relative to a comparator group over the longer term ensures that the interests of executive directors are aligned with shareholder wishes for long term value.	Directors are eligible for variable remuneration based on target-linked and goal-linked measures. Individual incentives: linked to individual performance against individual financial targets and non-financial KPIs. Directors bonus awards: bonus awards are aimed at rewarding overall and long-term growth and is linked to EBITDA growth targets.	The Nomination and Remuneration Committee will review any variable remuneration, where performance assessment and risk adjustment will be assessed in relation to each performance period.
Long term incentive	Incentivises and rewards executive directors for the delivery of longer-term strategic objectives and to reward substantial relative and absolute increases in shareholder value.	The Company currently has not implemented any long-term incentive plan but intends to establish one or more employee share option plans for the retention of executive directors and employees.	Not applicable
Benefits	The purpose of any benefit is to align with normal market practices, and to remove certain day to day concerns from executive directors, to allow them to concentrate on the task in hand.	Benefits may include special allowances (e.g. car allowance, meal allowance, hardship allowance, director allowance), medical insurance, dental insurance. Professional indemnity and directors' and officers' liability insurance covers are maintained for all executive directors. Executive directors who are required to move for a business reason may, where appropriate, also be provided with benefits such as relocation benefits (e.g., the provision of temporary accommodation, transport, etc.). On an exceptional basis, other appropriate benefits over and above what is mandated by the local law of the jurisdiction where the executive directors are based, may also be provided from time to time at the discretion of the Nomination and Remuneration Committee.	Benefits are not generally expected to be a significant part of the remuneration package in financial terms and are there to support the director in his or her performance in the role. In general, benefits will be restricted to the typical level in the relevant market for an executive director.
Pension	To provide for post-retirement remuneration, and ensure that the total package is competitive and aids retention.	All executive directors are considered for the pension benefits in the jurisdiction of their employment.	The pension is based on local law requirements; this varies according to country regulations.

Policy table: non-executive directors

Element	Purpose and link to strategy	Operation	Potential value and performance measures
Fees	To attract non-executive directors who have a broad range of experience and skills to oversee the implementation of our strategy.	Non-executive directors are paid a base fee each year. Non-executive director fees are reviewed every year. Any increase will take into account the market rate for the relevant positions within the comparator group of similarly sized companies with a comparable international presence and geographic spread, the experience of the individuals and the expected time commitment of the role. In exceptional circumstances, additional fees may be payable to reflect a substantial increase in time commitment. Non-executive directors are expected to devote such time as is necessary for the proper performance of their duties. Overall, it is anticipated that non-executive directors will spend a minimum of two days a month on work for the Company.	Not applicable
Variable remuneration	Variable remuneration is designed to ensure that non-executive directors take decisions in the interest of the longer-term success of the Company. Having measures that look at profitable growth and performance relative to a comparator group over the longer term ensures that the interests of executive directors are aligned with shareholder wishes for long term value.	Directors are eligible for variable remuneration based on target-linked and goal-linked measures.	The Nomination and Remuneration Committee will review any variable remuneration, where performance assessment and risk adjustment will be assessed in relation to each performance period.
Expenses	The purpose is to align with normal market practices.	The Company will reimburse the non-executive directors for all reasonable expenses (including any tax thereon) incurred whilst carrying out duties for the Company.	Not applicable
Insurance	The purpose is to align with normal market practices.	Professional indemnity and directors' and officers' liability insurance covers are maintained for all non-executive directors.	Not applicable



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Financial statements

Statement of profit or loss and other comprehensive income

		Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	Notes	£	£
Other operating income		1,644	89,210
Administrative costs	3	(2,495,579)	(1,391,904)
Operating loss	3	(2,493,935)	(1,302,694)
Finance costs	5	(1,596,114)	(164,650)
Loss before tax		(4,090,049)	(1,467,344)
Income tax expense	6	-	-
Loss for the year/period after tax as restated - see note 17		(4,090,049)	(1,467,344)
Total comprehensive loss for the year / period attributable to equity shareholder as restated - see note 17		(4,090,049)	(1,467,344)
Earnings per share attributable to equity holders of the company			
- Basic and diluted earnings per share	7	(9.0p)	(4.5p)

The results above have been derived from continuing operations.

The notes on pages 36-49 are an integral part of these financial statements.

The Statement of Profit or Loss and Other Comprehensive Income Financial Position for the 15 month period ended as at 31 March 2023 has been restated, see note 17.

Statement of financial position as at 31 March 2024

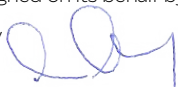
		31 March 2024	31 March 2023 (restated)	31 December 2021 (restated)
	Notes	£	£	£
Non-current assets				
Intangible assets	8	6,191,500	-	-
Trade and other receivables	9	1,200,000	-	-
Total non-current assets		7,391,500	-	-
Current assets				
Trade and other receivables	10	1,406,930	174,240	32,400
Cash and cash equivalents		2,627,961	2,716,725	-
Total current assets		4,034,891	2,890,965	32,400
Total assets		11,426,391	2,890,965	32,400
Capital and reserves				
Share capital	11	59,075	32,400	32,400
Prepaid share reserve		5,396,044	-	-
Accumulated losses		(6,057,095)	(1,967,046)	(499,702)
Total equity		(601,976)	(1,934,646)	(467,302)
Non-current liabilities				
Borrowings and other debts	12	9,142,305	3,164,650	-
Total non-current liabilities		9,142,305	3,164,650	-
Current liabilities				
Trade and other payables	13	1,395,062	169,961	91,702
Provisions	14	1,491,000	1,491,000	408,000
Total current liabilities		2,886,062	1,660,961	499,702
Total liabilities		12,028,367	4,825,611	499,702
Total equity and liabilities		11,426,391	2,890,965	32,400

The notes on pages 36–49 are an integral part of these financial statements.

The Statement of Financial Position as at 31 March 2023 has been restated, see note 17.

These financial statements were approved by the Board of Directors and authorised for issue on 9 December 2024.
They were signed on its behalf by:

A S D Murray
Director



Company Registration No. 13160590

Cash flow statement for the year ended 31 March 2024

		Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	Notes	£	£
Loss for the year/period		(4,090,049)	(1,467,344)
Adjustments for:			
Finance costs	5	1,596,114	164,650
Non-cash provision professional fees		-	1,083,000
Operating cash flows before movements in working capital		(2,493,935)	(219,694)
Movement in trade and other receivables		(2,464,590)	(141,840)
Movement in trade and other payables		877,710	78,259
Cash used in operations before interest and tax paid		(4,080,815)	(283,275)
Interest paid		-	-
Net cash used in operating activities		(4,080,815)	(283,275)
Investing activities			
Additions to intellectual property	8	(2,961,386)	-
Net cash used in investing activities		(2,961,386)	-
Financing activities			
Proceeds from issue of zero-coupon convertible bonds	12	1,500,000	3,000,000
Proceeds from issue of convertible bonds	12	5,453,437	-
Net cash from financing activities		6,953,437	3,000,000
Net (decrease)/increase in cash and cash equivalents		(88,764)	2,716,725
Cash and cash equivalents at the beginning of year		2,716,725	-
Cash and cash equivalents at the end of the year		2,627,961	2,716,725

The Cashflow Statement has been restated for the 15-month period ended 31 March 2023, see note 17.

Non-cash investing and financing activities have been disclosed in Note 20 below.

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2024

		Share capital	Prepaid share reserve	Accumulated losses (restated)	Total (restated)
	Notes	£	£	£	£
At 1 January 2022 (as originally stated)		32,400	-	(91,702)	(59,302)
Impact of prior year adjustment (see note 17)		-	-	(408,000)	(408,000)
At 1 January 2022 (as restated - see note 17)				(499,702)	(499,702)
Loss and total comprehensive loss for the period (as restated- see note 17)				(1,467,344)	(1,467,344)
At 31 March 2023 – restated		32,400	-	(1,967,046)	(1,934,646)
At 1 April 2023		32,400	-	(1,967,046)	(1,934,646)
Shares issued in the year	11	26,675	-	-	26,675
Prepaid share reserve	11	-	5,396,044	-	5,396,044
Loss and total comprehensive loss for the period		-	-	(4,090,049)	(4,090,049)
At 31 March 2024		59,075	5,396,044	(6,057,095)	(601,976)

The Statement of Changes in Equity has been restated for the 15-month period ended 31 March 2023, see note 17.

Notes to the financial statements for the year ended 31 March 2024

1. Company information

The London Tunnels Plc (the **Company**) (formerly The London Tunnels Ltd) registered as a private company limited by shares and incorporated in England and Wales on 27 January 2021. On 2 November 2023, the Company re-registered as a public company in the name of The London Tunnels PLC. The registered office address is 2nd Floor, Nicola Jane House, Southern Gate, Chichester, West Sussex, United Kingdom, PO19 8SE. The principal place of business address is 31-33 High Holborn, London, WC1V 6AX and 38-39 Fournival Street, London, EC4A 1AB.

The principal activity of the Company is to develop a series of visitor attractions in the Kingsway Exchange Tunnels.

2. Basis of preparation

The Company Financial Statements have been prepared for in accordance with the International Financial Reporting Standards as issued by the IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applied in the European Union ("IFRS as adopted by the EU"), and UK-adopted international accounting standards..

The Company Financial Statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in the Company Financial Statements are rounded to the nearest £.

The Company Financial Statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.1 Going concern

The Company's business activities include the proposed development of the Kingsway Exchange Tunnels. Factors likely to affect this future development, including the timing of the project to start generating revenues have been discussed by the Directors.

As the Company does not currently operate a revenue-generating business and is in the process of preparing the Tunnels for commercial launch, it will need to secure additional funding over the foreseeable future to sustain its operations. The Company intends to raise up to £30 million through the issue and received irrevocable commitments from 15 investors to subscribe for 12,490,000 Ordinary Shares at the Issue Price (i.e., for a total amount of £24,980,000) in the Placing. As at the date of signing these audited financial statements, the Company has received c£5.8m and they are awaiting the receipt of the remainder. Without these further equity amounts and without further funding, the Company would face challenges in continuing its activities and achieving its goal of launching commercially. Since the year end, related party loan funding has been received and lent on to Exchange Tunnels Limited to allow it to acquire the freehold interest in the Kingsway Exchange Tunnels. This should now allow this Company to acquire the leasehold interest in these Tunnels with no further funding required.

The Directors have reviewed the cash flow forecasts of the Company for the eighteen months subsequent to the date of approval of these financial statements (going concern assessment period). The Company will need to raise additional uncommitted capital to fund its operations, which include manufacturing, construction and other activities. The Company anticipates that this additional funding will need to be raised periodically from 2025 to at least 2027 and estimates that the total investment could be in the region of £120 million, assuming audio visual technology and hardware is leased. This amount is

expected to be raised through a combination of equity, bank lending, non-bank lending (such as private credit) and/or the issue of a project bond. The Company is already in discussions with various financial institutions and lenders, some of whom have already proposed indicative financing terms however failure to raise such funding during the going concern assessment period would not allow it to sustain its operations during that period.

Based on the measures and plans noted above, the directors' believe it remains appropriate to prepare the financial statements on a going concern basis. However given the uncertainty regarding future funding, there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.2 Cash and cash equivalents

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

2.3 Financial instruments

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

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 its liabilities.

Basic financial liabilities

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

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

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

Financial instruments

Management judgement is required in determining the classification of the Zero-Coupon Convertible Bonds and Convertible Bonds whether as financial liability or equity instruments. Management estimation is applied in determining the appropriate discount rate to be used in calculating the present value of the financial liability component of convertible bonds. The liability component of bonds is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement of Financial Position represents the finance charge for the reporting period. The equity component of the bonds is credited to the "other reserves" within equity in the Statement of Financial Position.

For debt-for-equity swaps involving Zero-Coupon Convertible Bonds, upon conversion, the Zero-Coupon Convertible Bonds are derecognised from the Statement of Financial Position. The carrying amount of the Zero-Coupon Convertible Bond liability includes the amortised cost of the debt at the date of conversion. Equity instruments issued in the transaction are measured at their fair value at the date of the conversion and if the fair value of the equity instruments cannot be reliably measured, the fair value of the extinguished liability is used as the basis. The difference between the carrying amount of the liability extinguished and the fair value of the equity instruments issued is recognised as a gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

2.4 Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

2.5 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.

2.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial, and financial feasibility can be demonstrated.

2.7 Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation will be recognised so as to write off the cost of assets less their residual values over their useful lives (expected to be 100 years) once the relevant assets are brought into use. The Directors do not expect this to begin before 2027.

2.8 Impairment of non-current assets

At each reporting period end date, the Directors review the carrying amounts of the Company's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication

exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the Company's cash-generating unit to which the asset belongs. For intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date and when there is an indication that the asset is impaired.

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.

2.9 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 period. 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 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.

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.

2.10 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.11 Significant 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 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 periods.

Intellectual property

The assessment of costs capitalised as intangible assets to generate future taxable benefits – Judgment is applied in assessing whether costs incurred, both internal and external, will generate future economic benefits. In determining whether the intangible asset arising from the development phase of the project is capitalised, management have assessed the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

The Board of Directors and management have undertaken a comprehensive review and assessment of the consideration paid for the acquisition of intellectual property (IP). This review, informed by a valuation exercise conducted in accordance with industry standards, confirms that the consideration is below the assessed fair value of the IP. Accordingly, management is satisfied that the transaction was conducted on an arm's length basis and does not constitute an overpayment or a distribution to shareholders. Management considered a number of factors such as control & legal Ownership, revenue generation, an assessment on useful life and management believes that it is probable that the expected future benefits attributable to the asset will flow to the entity.

Development spend encompasses engineering and architectural fees, 3,308,777 incurred towards the development of the Tunnels. Marketing and other ongoing operating expenses are expensed as incurred. The costs directly incidental to the development of the Tunnels are capitalised as intangible assets, where the assets they represent has demonstrable value and the technical and commercial feasibility is assured. Costs eligible for capitalisation must be incremental, clearly identified and directly attributable to development of Tunnels. The resulting assets are amortised over their estimated useful lives. Judgment is required in the assessment of the potential value of the Tunnels, the identification of costs eligible for capitalisation and the selection of appropriate asset lives.

Impairment of Intellectual Property

To measure the value of the intellectual property, management judgement is required in determining a suitable approach. Management have determined the fair value less costs of disposal method as the appropriate method to follow, and applied the income approach to determine the value of the intellectual property as at year-end. The income approach converts future amounts (such as cash flows or income and expenses) into a singular discounted amount, considering various factors, including risk and uncertainty. When determining the value of IP, under the income approach, present value techniques such as the 25% rule or the Relief from Royalty method are typically used. Management made a judgment that the 25% rule is an appropriate technique to value the intellectual property. When using the 25% rule as a technique for determining royalties, the 25% rule suggests the reasonable royalty that a licensee should pay an intellectual property holder on profits. The 25% is payable

on gross profit before taxes. The rule assumes that a licensee should retain at most 75% of the profits of a patented product given that s/he took on the bulk of the risks of developing the product and bringing the intellectual property to the market. The patent owner takes the remainder as a license royalty.

Management estimation is applied in determining whether the intellectual property is impaired at year-end, and the extent of any impairment loss or its reversal. The key estimates in the impairment assessment are the discount rate to be applied in the impairment assessment model and risk-adjusted future cash flows associated with the intellectual property. The carrying amount of intellectual property at year-end amounted to £2,572,082, which was the value of the intellectual property acquired from Cupcake Partners Limited during the year.

The pre-tax discount rate applied (10.82%) was determined based on the Company's weighted average cost of capital and was benchmarked against peer companies. Management performed sensitivity analyses for reasonable changes to key assumptions applied in the impairment assessment. The sensitivity analyses included the impact of changes to risk-adjusted future cashflows and the discount rate. It was observed that varying the discount rate to assess its potential impact on the valuation model's output required a significant change above 50% in order to have an impact on the overall financial projections. Varying the forecasted cashflows required changes above 70% in order to have an impact on the overall financial projections.

Financial instruments

Management judgement is required in determining the classification of the Zero-Coupon Convertible Bonds and Convertible Bonds whether as financial liability or equity instruments. Management estimation is applied in determining the appropriate discount rate to be used in calculating the present value of the financial liability component of convertible bonds. The liability component of bonds is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement of Financial Position represents the finance charge for the reporting period. The equity component of the bonds is credited to the "other reserves" within equity in the Statement of Financial Position.

2.12 Segmental analysis

The business of the Company comprises of one operating segment being the proposed development of the Tunnels as set out under "Company Information" above.

As such, the Company Financial Statements of the segment are the same as that set out in the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows.

2.13 Changes to IFRS not yet adopted

As from 1 January 2024, various amendments to IFRS standards as listed below were issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements of the Company.

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants (effective 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective 1 January 2024).

3. Operating loss before tax

Detailed below are the key amounts recognised in arriving at the operating loss before tax for the year;

	Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	£	£
Employee benefit expenses	153,458	6,115
Employee social security costs	18,666	325
Contributions to money purchase pension scheme	1,468	
Foreign exchange losses	6,770	2,382
Auditors remuneration for the audit of these financial statements	267,661	17,500
Auditors remuneration for non-audit services	15,000	-
Listing costs and equity raising fees	1,424,839	-
Professional fees	-	1,083,000

The prior year auditors remuneration cost relates to amounts paid to Royce Peeling Green Limited for the audit of the prior period annual financial statements. The current year auditors remuneration cost relates to amounts paid to KPMG LLP for the audit of these financial statements.

Listing costs were incurred this year relating to listing of the Company on Euronext in Amsterdam. Equity raising fees were incurred this year relating to raising funding to finance the business for expected future activities.

4. Employee benefit expenses

	Year ended 31 March 2024	15-month period ended 31 March 2023
	£	£
Directors' emoluments	153,458	6,115
Directors' social security costs	18,666	325
Contributions to money purchase pension scheme	1,468	-

The number of directors accruing benefits under pension schemes was as follows:

Money purchase schemes	1	-
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Included above are the following amounts in respect of the highest paid director:

	2024	2023
	£	£
Directors' emoluments	133,958	3,115
Directors' social security costs	17,231	325
Contributions to money purchase pension scheme	1,468	-

The Company had 5 directors in the year (2023: 4), the Chair and Independent Directors agreed that they will not be entitled to receive any remuneration until the Company's shares are admitted to trading on a Recognised Stock Exchange. There were no other employees in the Company in the current year and prior period.

5. Finance costs

	Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	£	£
Finance costs relating to convertible bonds expensed to profit or loss	1,397,311	164,650
Finance costs relating to intercompany loan measured at amortised cost	198,803	-

Borrowing costs incurred in the year and capitalised to qualifying assets have been disclosed in Note 8 below.

6. Taxation

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

	Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	£	£
Loss before taxation for the year/period	(4,090,049)	(1,467,344)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	(1,022,512)	(278,795)
Effects of:		
Expenses not deductible for tax purposes	356,210	-
Unutilised tax losses carried forward	666,302	278,795
Taxation charge for the period	-	-

The company has carried forward tax losses of £945,097 (2023: £278,795). No deferred tax asset has been recognised in respect of these losses due to uncertainty around the timing of generation of future profits.

7. Earnings per share

The calculation of basic earnings per share is based on profit or loss for the year or period divided by the weighted average number of ordinary shares in issue during the year or period.

	Year ended 31 March 2024	15-month period ended 31 March 2023 (restated)
	£	£
Basic earnings per share		
Weighted average number of shares (units)*	45,272,000	32,400,000
(Loss) for the year/period after tax from continuing operations (£)*	(4,090,049)	(1,467,344)
Basic earnings per share (£)	(9.0)	(4.5)

The Company has potential ordinary shares in the form of zero-coupon convertible bonds and convertible bonds. These could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for this year and the prior period. As such, diluted earnings per share are equal to basic earnings per share.

8. Intangible assets

	2024
	£
Cost	
At 1 April 2023	-
Additions	5,880,859
Capitalised borrowing costs	310,641
At 31 March 2024	6,191,500
Amortisation and impairment	
At 31 March 2023 and 31 March 2024	-
Carrying amount	
At 31 March 2024	6,191,500
At 1 April 2023	-
	2023
	£
Cost	
At 1 January 2022	-
At 31 March 2023	-
Amortisation and impairment	
At 1 January 2022 and 31 March 2023	-
Carrying amount	
At 31 March 2023	-
At 31 December 2021	-

During the year, Cupcake Partners Limited transferred Intellectual Property Rights in a proposed operation of a visitor attraction in the Tunnels to the Company, through an intellectual property sale agreement ('IPSA'). The intellectual property encompasses a range of essential components, including model architectural design reports, additional architectural diagrams, feasibility reports on tunnel ventilation, vertical transport studies, fire engineering reports, and conceptual visitor experience reports. Under the IPSA, Cupcake has transferred the Intellectual Property Rights for a consideration of £12,000,000, being (i) £7,000,000 as a capital contribution; and (ii) £5,000,000 as a non-interest bearing loan effective from 10 July 2023. Under the IPSA, the outstanding balance of the £5,000,000 loan is non – interest bearing and prior to 31 December 2029, may be repaid at the option of the Company, either partially or in full. In line with the requirements of IAS 38, Intangible Assets, the cost of the intangible asset acquired is the cash paid or the fair value of the consideration and accordingly, the capital contribution of £7,000,000 is not recognised in the cost of the intangible asset capitalised during the year.

As the payment towards the intangible asset is deferred beyond normal credit terms i.e. 31 December 2029, the Directors have recognised the intangible asset at the cash price equivalent at the date of acquisition. To arrive at the cash price equivalent of the £5,000,000 loan to be settled in 2029, a discount rate of 10.8% has been used to determine the current cash price and accordingly the intellectual property acquired from Cupcake was measured at £2,572,082 (note 16).

Subsequent development costs relating to the development of the Tunnels amounting to £3,308,777 have been capitalised as these costs are directly attributable to the development of the Tunnels and are necessary to create, produce and prepare the asset capable of operating in a manner intended by management and therefore were appropriate to capitalise these costs. At the year end, £347,391 of development costs is included in trade and other payables, see note 13.

During the year, the Group incurred total borrowing costs of £1,906,755. Of this amount, £310,641 was capitalised to intellectual property assets, in line with IAS 23 Borrowing Costs, as these costs were directly attributable to the development of qualifying assets requiring significant time to prepare for their intended use. The remaining borrowing costs of £1,596,114 were recognised in the statement of profit or loss, as they were not directly related to qualifying assets. A capitalisation rate of 17.2% was applied, representing the weighted average borrowing costs applicable to the Group's outstanding borrowings during the period. This rate was used to determine the portion of borrowing costs eligible for capitalisation, ensuring an accurate allocation of financing expenses.

9. Non-current trade and other receivables

	2024	2023
	£	£
Amounts owed by group undertakings	1,200,000	-
	1,200,000	-

Amounts owed by group undertakings relate to an agreement for lease between Exchange Tunnels Ltd ("ETL"), as landlord, and the Company, as tenant, in respect of the Tunnels dated 10 July 2023 under which the Company has been granted a 100-year peppercorn lease of the Tunnels conditional on the transfer of the following properties to ETL:

- the Kingsway Tunnels (Title Number: LNI82998);
- 31-33 High Holborn (Title Number: LNI82998); and
- 38-39 Fumival Street (Title Number: 275219).

The Company and Exchange Tunnels Limited agreed that the Company will have to acquire the leasehold from Exchange Tunnels Limited on or before 30 June 2025. The deposits paid by the Company will be applied against these lease arrangements if the transfer and lease conditions are fulfilled.

10. Current trade and other receivables

	2024	2023
	£	£
Prepayments	357,572	76,600
Deposits	880,000	-
Amounts owed by group undertakings	33,608	31,900
Other debtors	135,750	65,740
	1,406,930	174,240

Prepayments relate to monies extended to suppliers for services yet to be provided.

Deposits relate to amounts held by a landlord in relation to property rentals. The Company has paid EC1 Property Management Limited £880,000 and EC1 Property Management Limited has, in turn, paid an £820,000 non-refundable deposit to the current owner, a non-connected third party. Should the Company find an alternative, and more suitable, property, and not complete the purchase of this building, it may forfeit this deposit to the current owner. If the Company proceeds with the purchase, the deposit will be applied against the lease arrangements associated with the property.

Prepayments are recoverable through services to be received in the normal course of business and deposits are expected to be recovered in line with lease arrangements. Other debtors relate to recoverable tax balances due to the Company as at year-end. These have been recovered in full post year-end.

Amounts owed by group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand. Management expects to receive this amount with 12 months so is therefore classified as a current asset.

11. Share capital

	2024 Number	2023 Number (restated)	2024 £	2023 £
Ordinary share capital				
Issued, called-up and fully paid				
Ordinary shares of £0.001 each	59,075,000	32,400,000	59,075	32,400

A total of 26,675 ordinary shares were issued during the year through an issue of new shares and a conversion of debt for equity. On 28 September 2023, a further 17,600 were issued to Cupcake Partners Limited for a consideration of £17,600. On 26 October 2023 9,075 shares were issued per the terms of the Zero-Coupon Convertible Bond instrument for a consideration of £9,075. Also on 26 October 2023 each £1 share was sub-divided in to £0.001 shares so that the number of shares at that date (which was before the year-end) increased from 59,075 to 59,075,000.

On 31 March 2024, PEF, a related party, applied for a conversion of Zero-Coupon Convertible Bonds to the value of £5,396,044 to 2,698,022 ordinary shares.

On 31 March 2024, a prepaid share reserve of £5,396,044 was recorded in equity to reflect the irrevocable commitment to convert Zero-Coupon Convertible Bonds into equity. This reserve represents the obligation to issue 2,698,022 ordinary shares to settle the liability.

On 8 April 2024, the Board approved the conversion of Zero-Coupon Convertible Bonds with a value of £5,396,044 into 2,698,022 ordinary shares. This transaction was irrevocably committed prior to year-end and was executed post year-end, resulting in the derecognition of the liability and the issuance of equity. As the conversion only occurred post year-end, a prepaid share reserve of £5,396,044 was recorded in equity at the end of the year.

12. Borrowings and other debts

	2024 £	2023 (restated) £
Zero-coupon convertible bonds	896,618	3,164,650
Convertible bonds	5,524,302	-
Amounts owed to parent company	2,721,385	-
	9,142,305	3,164,650

An analysis of total debt relating to convertible bonds is as shown below:

	2024 £	2023 (restated) £
Zero-coupon convertible bonds	896,618	3,164,650
Convertible bonds	5,524,302	-
	6,420,920	3,164,650

The zero-coupon convertible bonds and the convertible bonds are classified as financial liabilities and are measured at amortised cost using the effective interest rate method.

Full redemption of the Zero-Coupon Convertible Bonds is not due until 2025, and could be extended to 2026, and are redeemable at £1,000 per Zero Coupon Convertible Bond.

In addition, under the terms of the agreement, the Company and PEF may agree to the early cash redemption of any remaining outstanding balance of the Zero-Coupon Convertible Bonds, being £2,103,956 (the remaining par value) following the Listing, and that the cash amount, receivable by PEF, be applied to subscribe for further new Ordinary Shares at £2.00 per share. This would result in the issue of up to a further 1,051,978 Ordinary Shares.

The Convertible Bonds shall be transferable only with the consent of the Company and were issued subject to the following conditions:

- The Convertible Bonds shall be transferable only with the consent of the Company.
- The Convertible Bonds then in issue (so far as not converted) shall be redeemed at the Principal Amount outstanding on the Maturity Date;
- The Company may pre-pay the Convertible Bonds by redeeming them in whole or in part at any time, by giving not less than 14 days' notice in writing to the relevant Convertible Bondholders;
- Upon the occurrence of any event of default under the Convertible Bond Instrument, the Convertible Bonds held by a Convertible Bondholder then in issue shall automatically (unless otherwise agreed in writing by such Convertible Bondholder) be redeemed at the Principal Amount;
- Prior to anticipated Listing Date, the Company shall give notice to the relevant Convertible Bondholders, and the Principal Amount of the Convertible Bonds shall convert into Ordinary Shares on the business day prior to the Listing Date;
- The Board shall convert the Principal Amount of the Convertible Bonds at the admission price of £2 and at a ratio of 110% of the new Ordinary Shares that can be acquired by applying the outstanding amount of principal and interest (if any).

Amounts owed to parent company are unsecured, non-interest bearing and is repayable on 31 December 2029. The amounts owed to parent company may be repaid prior to 31 December 2029, at the option of the Company, either partially or in full.

Prior period restatements were noted in the zero-coupon convertible bonds balance reported within borrowings and other debtors. Refer to Note 17 for restatements made.

A reconciliation of changes in liabilities arising from financing activities is as shown below:

	2024	2023
	£	£
Borrowings and other debts		
Balance at 01 April 2023	3,164,650	-
<i>Cash adjustments:</i>		
Zero-coupon convertible bonds issued in the year	1,500,000	3,000,000
Convertible bonds issued in the year	5,453,437	-
<i>Non-cash adjustments:</i>		
Finance costs capitalised to borrowings	1,906,755	164,650
Zero-coupon convertible bonds converted to equity in the year	(5,396,044)	-
Shares issued per the terms of the Zero-Coupon Convertible Bond	(9,075)	-
Loan received from parent company	2,522,582	-
Balance at 31 March 2024	9,142,305	3,164,650

13. Trade and other payables

	2024	2023
	£	£
Trade payables	357,537	108,454
Capital creditors	347,391	-
Amounts owed to group undertakings	311,350	40,800
Accruals	343,784	20,000
Other liabilities	35,000	-
Taxation and social security	-	707
	1,395,062	169,961

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed date of repayment and are repayable on demand.

14. Provisions

	2024	2023 (restated)
	£	£
Provision for professional fees	1,491,000	1,491,000
	1,491,000	1,491,000

The Company conducted a review of the classification of £1,491,000, which was initially disclosed as a contingent liability owed to Client Services (Global) Ltd as at 31 March 2023. Following further evaluation, it was determined that the amount more appropriately met the criteria for recognition as a provision for professional fees in the Statement of Financial Position.

This reclassification reflects the likelihood, as at the reporting date, of an obligation arising due to the success of the Company. The liability's timing and exact amount remained uncertain, but the conditions for recognition as a provision under IAS 37 Provisions, Contingent Liabilities, and Contingent Assets were met.

15. Financial instruments

The contractual maturities for all financial instruments held by the company are shown in the table below. The table shows undiscounted principal and interest cash flows and includes contractual gross cash flows and the net debt reconciliation:

	2024					2023 (restated)				
	Carrying value	Falling due within 1 year	Falling due in more than 1 year but not more than 5 years	Falling due in more than 5 years	Total	Carrying value	Falling due within 1 year	Falling due in more than 1 year but not more than 5 years	Total	
	£	£	£	£	£	£	£	£	£	£
Financial liabilities: current and non-current										
Trade and other payables	1,395,062	1,395,062	-	-	1,395,062	169,961	169,961	-	169,961	
Zero-coupon convertible bonds	896,618	-	896,618	-	896,618	3,164,650	-	3,164,650	3,164,650	
Convertible bonds	5,524,302	-	5,524,302	-	5,524,302	-	-	-	-	
Interest on bonds payments	1,476,081	-	1,476,081	-	1,476,081	-	-	-	-	
Amounts owed to parent company	2,721,385	-	-	2,721,385	2,721,385	-	-	-	-	
Interest on amounts owed to parent company	2,278,615	-	-	2,278,615	2,278,615	-	-	-	-	
Total financial liabilities	14,292,063	1,395,062	7,897,001	5,000,000	14,292,063	3,334,611	169,961	3,164,650	3,334,611	
Financial assets: current and non-current										
Trade and other receivables	2,606,930	2,606,930	-	-	2,606,930	174,240	174,240	-	174,240	
Total financial assets	2,606,930	2,606,930	-	-	2,606,930	174,240	174,240	-	174,240	
Net debt	11,685,133				11,685,133	3,160,371			3,160,371	

Financial assets and financial liabilities have been analysed by category below:

Financial assets and liabilities

	Carrying value	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Liability at amortised cost	Financial asset at amortised cost	Fair value hierarchy level
Financial assets						
Trade and other receivables	2,606,930	-	-	-	2,606,930	Level 2
Financial liabilities						
Zero-coupon convertible bonds	896,618	-	-	896,618	-	Level 2
Convertible bonds	5,524,302	-	-	5,524,302	-	Level 2
Amounts owed to parent company	2,721,385	-	-	2,721,385	-	Level 2
Trade and other payables	1,395,062	-	-	1,395,062	-	Level 2

Level 2 – Fair value determined by reference to internal model with observable inputs

Risks and financial risk management

In the normal course of business, financial instruments are used for purposes of managing exposure to liquidity and solvency risks. Financial risk management policies are set and managed at group level and apply to all subsidiaries including the Company. The directors, as those charged with governance, are tasked with the management of risks, including financial risks.

The Company is exposed to market, liquidity and credit risks as described below.

Market risk

Market risk is the possibility that changes in market conditions such as foreign exchange rates and interest rates will adversely affect the value of assets, liabilities or expected future cash flows. Interest rates associated with issued bonds are fixed and it is managements approach to raise funding through borrowing facilities with fixed interest rates to avoid exposures associated with variable interest rates.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's activities may not be available. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to sufficient cash and funding sources through borrowing by issuing of bonds and managing cash available in bank balances. Information about borrowing facilities is presented in Note 11 above. .

Credit risk

As the Company has not formally started trading with customers and generating revenue, credit risk is mainly limited to exposures associated with prepaid balances and deposits paid, as well as amounts owed by group companies. Management reasonably expects these amounts to be recoverable or the benefits associated with these balances to flow to the Company.

The Company applies the simplified approach when measuring expected credit losses. The approach uses a lifetime expected loss allowance. The expected loss rates are reviewed annually, or when there is a significant change in external factors potentially impacting credit risk and are updated where management's expectations of credit losses change. No changes have been made to the expected loss rates during the financial year.

Financial assets held as at year-end are as shown below:

As at 31 March 2024

	Current	More than 1 year overdue	Total
	£	£	£
Deposits	880,000	–	880,000
Prepayments	357,572	–	357,572
Intercompany receivables	1,233,608	–	1,233,608
Other debtors	135,750	–	135,750
Gross carrying amount	2,606,930	–	2,606,930

As at 31 March 2023

	Current	More than 1 year overdue	Total
	£	£	£
Prepayments	76,600	–	76,600
Intercompany receivables	31,900	–	31,900
Other debtors	65,740	–	65,740
Gross carrying amount	174,240	–	174,240

No expected credit losses have been provided against the financial assets in the current year and prior period.

Capital risk management

The Company's main objective when managing capital is to protect returns to shareholders by ensuring that it is not over geared and is well poised to commence trade and generate revenue from customers in the foreseeable future. The Company also aims to optimise its capital structure of debt and equity to minimise its cost of capital. Specifically, the Company reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds. The Board considers that these remain a current reflection of the risks and uncertainties facing the business.

16. Related party transactions

During the year, the Company entered into the following transactions with related parties:

	2024	2023 (restated)
	£	£
Purchases from Client Services (Global) Limited	1,170,250	1,185,000
Deposit paid to Exchange Tunnels Limited	1,200,000	-
Purchase of Intellectual Property from Cupcake Partners Limited	2,572,082	-
Zero-Coupon Convertible Bonds Issued to PEF	1,500,000	3,000,000

	2024	2023 (restated)
	£	£
Amounts due to related parties		
Cupcake Partners Limited – immediate parent company	2,721,385	-
Client Services (Global) Limited – common directorship	1,802,350	1,531,800

Amounts owed by related parties

Cupcake Partners Limited – immediate parent company	-	31,900
Exchange Tunnels Limited – fellow group subsidiary	1,233,608	-
EC1 Property Management Ltd – fellow group subsidiary	880,000	-

During the year, amounts owed by Cupcake Partners Ltd were offset against the amounts due.

PEF is an investment fund of which Angus Murray is a director. PEF holds Ordinary Shares for the benefit of Castlestone Management LLC, an investment adviser wholly owned by Angus Murray.

During the year, a deposit was paid to Exchange Tunnels Limited, a fellow group subsidiary, relating to underground tunnel infrastructure.

All transactions and outstanding balances relate to activities that occurred in the ordinary course of business.

Compensation of key management personnel

The remuneration of key management personnel is as follows:

	2024	2023
	£	£
<i>short-term employee benefits</i>		
Angus Murray	151,189	3,440
Katharine Leo	20,935	3,000
<i>post-employment benefits</i>		
Angus Murray	1,468	-
Katharine Leo	-	-

17. Prior period adjustments

During the preparation of these financial statements, the Company reviewed the accounting treatment of its zero-coupon convertible bonds. Initially classified as hybrid financial instruments with components split between liability and equity, further analysis determined that these bonds are more appropriately recognised in its entirety as a debt instrument with an immaterial equity element and classified as financial liabilities.

As a result of this updated treatment, financial liabilities have increased by £316,107, finance costs have decreased by £15,910, and other reserves have been reduced by £332,017 as 31 March 2023. This adjustment aligns the classification and measurement of these instruments with applicable financial reporting standards.

The Company reviewed the classification of an amount of £1,491,000 that was initially disclosed as a contingent liability which related to services provided by a related party. Upon further evaluation, it was determined that the amount should more appropriately be recognised as a provision for professional fees in the Statement of Financial Position. This reflects the likelihood, as at the reporting date, of a liability of uncertain timing or amount.

As a result of this reclassification, in the period to 31 March 2023 administrative expenses have increased by £1,083,000 and 408,000 in the year to 31 December 2021, and provisions in the Statement of Financial Position have been recognised for the same amount. This adjustment aligns the presentation with the requirements of IAS 37, ensuring that the financial statements accurately reflect obligations where an outflow of resources is more likely than not.

The table below summarises the effect of the correction of the prior period adjustments on the financial statements.

**Impact on Statement of Financial Position
As at 31 March 2023**

	As previously reported	Adjustment	Restated balance
	£	£	£
Non-current liabilities			
Borrowing and other debts	(2,848,543)	(316,107)	(3,164,650)
Current liabilities			
Provisions	–	(1,491,000)	(1,491,000)
Capitals and reserves			
Other reserves	(332,017)	332,017	–
Accumulated losses	491,956	1,475,090	1,967,046

**Impact on Statement of Profit or Loss and Other Comprehensive Income
For the 15-month period ended 31 March 2023**

	As previously reported	Adjustment	Restated balance
	£	£	£
Administrative costs	308,904	1,083,000	1,391,904
Finance costs	180,560	(15,910)	164,650
Loss before tax	400,254	1,067,090	1,467,344

**Impact on Statement of Statement of cash flows
As at 31 March 2024**

	As previously reported	Adjustment	Restated balance
	£	£	£
Loss for the period	(400,254)	(1,067,090)	(1,467,344)
Finance costs	180,560	(15,910)	164,650
Non-cash provision professional fees	–	1,083,000	1,083,000
Cash flow from operations	(283,275)	–	(283,275)

The above adjustments have been corrected by restating the affected amounts in the prior period financial statements in accordance with IAS 8. The restated figures are reflected in the comparative amounts for the period ended 31 March 2023 in these financial statements.

**Impact on Statement of Statement of Financial Position
As at 31 December 2021**

	As previously reported	Adjustment	Restated balance
	£	£	£
Loss for the period	(91,702)	(408,000)	(499,702)
Provisions	–	408,000	408,000

The above adjustments have been corrected by restating the affected amounts in the prior period financial statements in accordance with IAS 8. The restated figures are reflected in the comparative amounts for the period ended 31 December 2021 in these financial statements.

18. Events after the reporting date

On 8 April 2024, £5,396,044 of Zero Coupon Convertible Bonds were converted into 2,698,022 Ordinary Shares.

On 9 April 2024 £491,000 of the £1,491,000 liability that existed as at year-end owed to Client Services (Global) Ltd was paid.

On 11 June 2024 The City of London Corporation's Planning and Transport Committee approved the planning proposal.

Between 31 March 2024 and 26 June 2024, the company raised a further £1,253,698 in Convertible Bonds, giving a total of £6,778,000.

On June 26, 2024 Convertible Bonds of £6,778,000, being £5,524,302 as at 31 March 2024 plus £1,253,698 raised between the year end and conversion, were converted into 3,727,900 new ordinary shares, the nominal value of which was £3,727.90.

On June 27, 2024 the Company was admitted to trading on Euronext Amsterdam.

On 9 July 2024, the Company issued 353,881 number of shares at £2 per share.

On 11 July 2024 Camden Council approved the planning proposal.

On 16 July 2024, the Company issued 100,139 number of shares at £2 per share.

On 19 July 2024, the Company received an application from PEF to exchange ZCCB debt of £1,322,950 into new ordinary shares at £2 per share.

On 23 July 2024, the Company issued 759,805 number of shares at £2 per share.

On 30 July 2024, the Company issued 106,287 number of shares at £2 per share.

On 6 August 2024, the Company issued 437,056 number of shares at £2 per share.

On 9 August 2024, the Company received an application from PEF to exchange ZCCB debt of £370,950 into new ordinary shares at £2 per share.

On 13 August 2024, the Company issued 590,560 number of shares at £2 per share.

On 20 August 2024, the Company issued 53,950 number of shares at £2 per share.

On 27 August 2024, the Company issued 310,284 number of shares at £2 per share.

On 6 September 2024 a further £300,000 of the £1,491,000 liability that existed as at year-end owed to Client Services (Global) Ltd was paid.

On 3 September 2024, the Company issued 133,139 number of shares at £2 per share.

On 4 September 2024, the Company received £33,608 in settle of amounts owed by group undertakings.

On 10 September 2024, the Company issued 150,000 number of shares at £2 per share.

On 17 September 2024, the Company issued 176,437 number of shares at £2 per share.

On 24 September 2024, the Company issued 84,860 number of shares at £2 per share.

On 1 October 2024, the Company issued 123,029 number of shares at £2 per share.

On 8 October 2024, the Company issued 9,539 number of shares at £2 per share.

On 15 October 2024, the Company issued 74,368 number of shares at £2 per share.

On 29 October 2024, the Company issued 52,545 number of shares at £2 per share.

On 5 November 2024, the Company issued 18,089 number of shares at £2 per share.

On 29 October 2024, the Company issued 11,429 number of shares at £2 per share.

On 29 October 2024, the Company issued 34,022 number of shares at £2 per share.

On 5 November 2024, the Company issued 18,089 number of shares at £2 per share.

On 12 November 2024, the Company issued 11,429 number of shares at £2 per share.

On 19 November 2024, the Company issued 34,022 number of shares at £2 per share.

On 22 November 2024, the Company created a loan note instrument (Loan Notes 2024) constituting a 10 per cent loan note up to £10,000,000.

On 25 November 2024 a further £250,000 of the £1,491,000 liability that existed as at year-end owed to Client Services (Global) Ltd was paid leaving a balance of £450,000.

On 26 November 2024, the Company issued 38,940 number of shares at £2 per share.

On 25 November 2024, the Company received £1,980,000 from Infrastructure LDN Credit Fund as proceeds from the 10 per cent loan note, the loan note is repayable in 24 months. Infrastructure LDN Credit Fund is an investment fund of which Angus Murray is a director. Infrastructure LDN Credit Fund holds Ordinary Shares for the benefit of Castlestone Management LLC, an investment adviser wholly owned by Angus Murray.

On 29 November 2024, the Company advanced £7,098,700 to Exchange Tunnels Ltd. Exchange Tunnels Ltd will use the funds to finance the freehold acquisition of the Tunnels and to pay associated legal and other professional costs. Exchange Tunnels Ltd shall be deemed to have repaid the Loan (and any other amounts due but unpaid) in full on the lease date and from the lease date Exchange Tunnels Ltd shall be released and discharged from all obligations and liabilities (whether present or future, actual or contingent).

On 3 December 2024, the Company issued 111,559 shares at £2 per share.

19. Commitments, guarantees and contingent liabilities

As at year-end, the Company was seeking to obtain planning permission for a venue from which to establish and operate the Tunnels business in future. The Company has agreed to purchase the Tunnels for £10,600,000 on a 100-year leasehold basis from Exchange Tunnels Limited, a wholly owned subsidiary of Cupcake Partners Limited. Exchange Tunnels Limited and the Company entered into a binding conditional agreement with British Telecommunications Plc for the freehold acquisition of the Tunnels on 10 July 2023 and completion is due on 31 December 2024. The Company entered into an agreement for lease between Exchange Tunnels Limited, as landlord, and the Company, as tenant, in respect of the tunnels, dated 10 July 2023. The Company and Exchange Tunnels Limited agreed that the Company will have to acquire the leasehold from Exchange Tunnels Limited on or before 30 June 2025.

An amount of £327,472 in development costs payable as success fees was to become payable on approval of the planning applications from both The City of London and London Borough Camden. This became payable on 11 July 2024, of which £267,472 payment remains outstanding.

20. Non-cash investing and financing activities

Apart from the non-cash changes in finance activities disclosed in note 12, other non-cash transactions include intellectual property acquired in the year for a consideration of £2,572,082 being a non-cash transaction relating to a purchase amount owed to Cupcake Partners Limited. Refer to Note 16 above.

On 28 September 2023, a further 17,600 shares were issued to Cupcake Partners Limited for a consideration of £17,600. The consideration due for these shares, along with a receivable for 31,900 in the prior period were offset against amounts owed to Cupcake Partners Ltd. Refer to Note 11 above.

On 31 March 2024, a prepaid share reserve of £5,396,044 was recorded in equity to reflect the irrevocable commitment to convert Zero-Coupon Convertible Bonds into equity. This reserve represents the obligation to issue 2,698,022 ordinary shares to settle the liability.

21. Ultimate controlling party

The immediate and ultimate parent company of the Company is Cupcake Partners Limited and its registered office and audited financial statements are available at 20th Floor, 283 Lockhart Road, Wah Hing Commercial Building, Wanchai, Hong Kong. Subsequent to the Company being admitted to trading on Euronext Amsterdam as shown in Note 16, Cupcake Partners Limited remains a major shareholder.

The background of the entire page is a dark, blue-toned photograph of a large, curved tunnel. Inside the tunnel, several people are visible, including a woman in the foreground pointing towards the distance, a person in a wheelchair, and other figures further back. A semi-transparent grid of small dots is overlaid on the left side of the image, partially covering the tunnel wall and the people.

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Independent Auditors Report



Independent auditor's report

to the members of The London Tunnels Plc

1. Our opinion is unmodified

We have audited the financial statements of The London Tunnels Plc ("the Company") for the year ended 31 March 2024 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, cashflow statement, statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£114k
financial statements as a whole	1% of Total Assets

Key audit matters

- Going concern
- Classification of convertible bonds including identification of any embedded derivatives
- Capitalisation of intangible assets

2. Material uncertainty related to going concern

We draw attention to note 2.1 to the financial statements which indicates that there is uncertainty over future funding which is required for the Company to sustain its operations over the next 18 months. These events and conditions, along with the other matters explained in note 2.1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The risk

Disclosure quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.

The judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least 18 months from the date of approval of the financial statements.

There is little judgement involved in the directors' conclusion that risks and circumstances described in note 2 to the financial statements represent a material uncertainty over the ability of the Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements.

However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our response

Our procedures included:

Assessing transparency:

- Considering whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our assessment of management's going concern assessment also included:

Funding assessment:

- Assessing the forecast cash position of the Company and the available committed financing to understand the financial resources available to the Company during the forecast period. We obtained the irrevocable commitment letters obtained from the various investors to ascertain the committed level of financing available to the Company.
- Evaluating whether there is adequate support for the assumptions used in the forecast underlying the directors' assessment of the funding available and whether these are achievable and consistent with other matters identified in the audit.

Evaluating assumptions:

- Challenging the key assumptions with respect to future expenditure with respect to the planned development of the tunnels over the going concern period and considering the reasonableness of the Directors risk adjustments to the cashflows.

Sensitivity analysis:

- Considering sensitivities over the inputs to the cash flow forecasts which determine the level of available financial resources indicated by the Company's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks individually and collectively.

3. Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Going concern is a significant key audit matter and is described in section 2 of our report. In arriving at our audit opinion above, the other key audit matters, in decreasing order of audit significance, were as follows:

Classification of convertible bonds including identification of any embedded derivatives

(£6.4m convertible bonds; 2023 £3.2m)

Refer to page 36 (accounting policy) and page 42 (financial disclosures).

The risk

Subjective judgement

The Company has issued unsecured convertible bonds, including zero coupon convertible bonds, aggregating to £6.95 million at year end to meet the Company's capital commitments and to finance its operations.

There is a significant level of judgement in relation to assessing the terms of those instruments to identify whether each instrument meets the criteria to be classified as a liability or equity in the Company's financial statements and whether it includes any embedded derivatives.

On the classification of the zero coupon convertible bonds, we challenged the Company's judgement in classification of the bonds based on the high implied interest rates on these bonds in relation to comparable securities. Similarly, on the unsecured convertible bonds, we challenged the Company's classification of the bonds against the fixed for fixed criterion under IAS 32.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the procedures described. Our procedures included:

Assessment of accounting treatment:

We inspected the terms of the agreement and the features of the instrument and assessed these against the requirements of the relevant accounting standards to identify whether the financial instruments should be classified as a liability or equity or a compound instrument and if the instruments contained any embedded derivatives.

Benchmarking assumptions:

We used external data and our own valuation specialists to evaluate the key inputs and assumptions for the yield.

Assessing transparency:

We assessed the adequacy of the Company's disclosures on the accounting treatment and the degree of judgement involved in arriving at the classification of the convertible bonds.

Capitalisation of intangible assets

(£2.6m intangible assets; 2023 Nil)

Refer to page 37 (accounting policy) and page 40 (financial disclosures).

The risk

Subjective judgment and estimate

IAS 38 as the relevant accounting standard defines an intangible asset to be an identifiable, non – monetary asset without physical substance and shall be recognised if, and only if, it is probable that the expected future economic benefits that are attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

The Company is in the early stages of its operations with regard to the proposed development of the Tunnels. During the year, the Company entered into an agreement with a Shareholder for the acquisition of intellectual property relating to the development of the Tunnels.

Judgement is required in assessing whether the costs incurred, both external and internal, will generate future economic benefits for the Company from the development of the tunnels into a tourist attraction. The judgement is heightened given the fact that the Company is yet to complete the lease agreement for the Tunnels.

As part of our risk assessment, we determined that there is a high degree of judgement and estimation involved in the capitalisation of the intangible assets and the determination of the cash price equivalent, due to the intangible asset being acquired for non – cash consideration, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.

Disclosure quality

There is a risk that the disclosures presented are not sufficient to explain the status of the project, the capitalisation criteria that are used to assess the costs capitalised and the judgement involved in determination of the cash price equivalent at the date of acquisition.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the procedures described. Our procedures included:

Test of detail

We agreed the cost capitalised as intangible assets to the agreement with the Shareholder and assessed against these criteria to support the basis of capitalisation.

Benchmarking assumptions:

As the payment for the intangible asset acquired from the Shareholder is deferred beyond normal credit terms, we used external data and our own internal valuation specialists to evaluate the key inputs in the determination of the cash price equivalent of the intangible asset.

Assessing transparency:

We assessed the adequacy of the Company's disclosures on the degree of judgement involved in the capitalisation of the intangible assets and determination of the cash price equivalent of the acquired intangible asset.

4. Our application of materiality and an overview of the scope of our audit

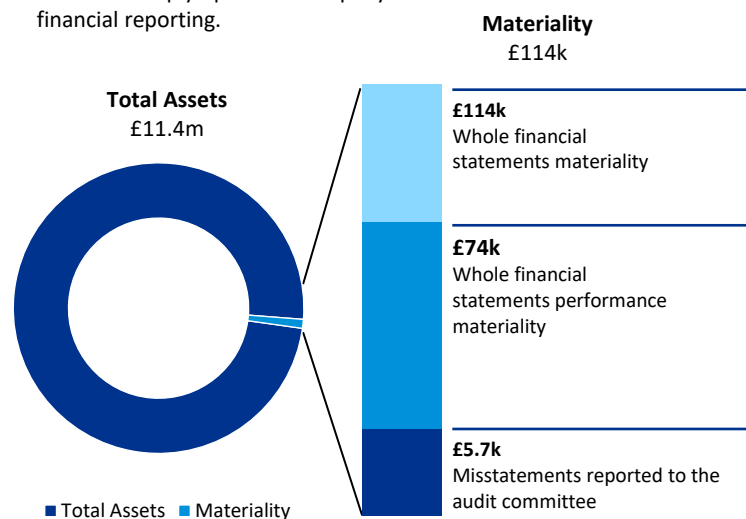
Materiality for the financial statements as a whole was set at £114k, determined with reference to a benchmark of total assets, of which it represents 1%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £74k. We applied this percentage in our determination of performance materiality based on the level of information available regarding the control environment during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £5.7k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.



5. Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic for at least 18 months from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out in section 2 of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Company's ability to continue to use that basis for the going concern period, and we found the going concern disclosure in note 2.1 to be acceptable.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatements due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board meeting minutes;
- Considering remuneration incentive schemes and performance targets for directors; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting judgements such as the classification of convertible bonds including identification of any embedded derivatives.

On this audit we do not believe there is a fraud risk related to revenue recognition because there is no revenue recognised in the period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws and anti-bribery and corruption recognising the nature of the Company’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report and Financial Statements

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors’ report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors’ report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion

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

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 26, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. The purpose of our audit work and to whom we owe our responsibilities

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.



Jeremy Williams

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

9 December 2024





THE LONDON TUNNELS PLC

Registered No. 13160590

