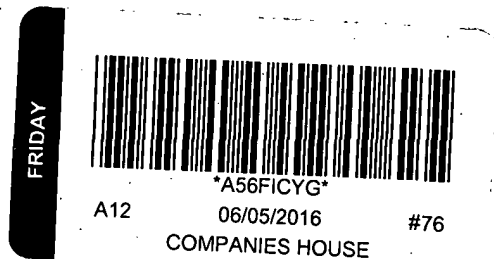


TOLENT HOMES LIMITED

Report and Financial Statements

**For the year ended
31st December 2015**



TOLENT HOMES LIMITED

Annual report and financial statements for the year ended 31st December 2015

Contents

Page :

- 1 Directors, Secretary and Registered Office
- 2 Report of the Directors
- 3 Report of the independent auditor
- 4 Statement of comprehensive income
- 5 Statement of financial position
- 6 Statement of changes in equity
- 7 Notes forming part of the financial statements

TOLENT HOMES LIMITED

Directors, Secretary and Registered Office

Directors

J.G. Wood

A.D. Clark

Secretary

A.D. Clark

Registered Office

Ravensworth House

5th Avenue Business Park

Team Valley

Gateshead

Tyne and Wear

NE11 0HF

Registered in England : Company Number - 2803140

TOLENT HOMES LIMITED

Report of the Directors for the year ended 31st December 2015

The directors present their report together with the audited financial statements for the year ended 31st December 2015.

1. Principal activities

The company is principally engaged in property development.

2. Results

The statement of comprehensive income is set out on page 4 and shows the result for the year. The results reflect a provision of £1,081,000 against the carrying value of the work in progress. The work in progress relates to 45 apartments in the Echo Buildings in Sunderland which remain unsold. Although we are pleased to report that these have had a high level of occupancy throughout 2015 the local housing market is still currently depressed and the provision has been made by the Directors to reflect the current estimate of net realisable value.

3. Directors

The directors in office at the end of the year were Messrs' J.G. Wood and A.D. Clark both of whom served throughout the year.

4. Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In preparing these financial statements, the directors are required to select suitable accounting policies and then apply them consistently, to make judgements and accounting estimates that are reasonable and prudent, to state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm that so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

5. Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

In preparing this report the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

BY ORDER OF THE BOARD

A.D. Clark
Secretary



28th April 2016

TOLENT HOMES LIMITED

Report of the independent auditor to the members of Tolent Homes Limited

We have audited the financial statements of Tolent Homes Limited for the year ended 31st December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs at 31st December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

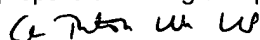
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Michael Redfern

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Sheffield

28th April 2016

TOLENT HOMES LIMITED

Statement of comprehensive income for the year ended 31st December 2015

	Note	<u>2015</u>	<u>2014</u>
		£	£
Turnover	4	279,100	270,150
Decrease in work in progress		<u>(1,080,961)</u>	<u>(486,121)</u>
		(801,861)	(215,971)
Other operating charges		<u>(233,413)</u>	<u>(226,273)</u>
Operating result		(1,035,274)	(442,244)
Net interest	6	<u>(72,774)</u>	<u>(81,302)</u>
Loss on ordinary activities before taxation	4	(1,108,048)	(523,546)
Tax on loss on ordinary activities	7	<u>17,838</u>	<u>20,805</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year	13	<u>(1,090,210)</u>	<u>(502,741)</u>
Loss on ordinary activities after taxation and total comprehensive loss attributable to equity shareholders of Tolent Homes Limited		<u>(1,090,210)</u>	<u>(502,741)</u>

All the above transactions relate to continuing activities.

Notes 1 to 16 form part of these financial statements.

TOLENT HOMES LIMITED

Statement of financial position at 31st December 2015

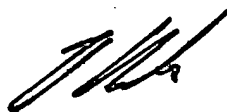
	Note	<u>2015</u> £	<u>2014</u> £
Current assets			
Work in progress		6,897,192	7,978,153
Debtors	8	101,970	85,800
Cash at bank and in hand		<u>8,224</u>	<u>21,915</u>
		7,007,386	8,085,868
Creditors: amounts falling due within one year	10	<u>(7,188,553)</u>	<u>(6,948,328)</u>
Net Current Assets		(181,167)	1,137,540
Creditors: amounts falling due after more than one year	11	<u>(1,455,144)</u>	<u>(1,683,641)</u>
		<u>(1,636,311)</u>	<u>(546,101)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	<u>(1,636,313)</u>	<u>(546,103)</u>
Shareholders' funds		<u>(1,636,311)</u>	<u>(546,101)</u>

The financial statements were approved and authorised by the Board of Directors on 28th April 2016.



J.G. WOOD

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A.D. CLARK

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Directors

Company number 2803140

Notes 1 to 16 form part of these financial statements.

TOLENT HOMES LIMITED

Statement of changes in equity for the year ended 31st December 2015

	Share Capital	Profit and Loss account	Total Equity
	£	£	£
At 1st January 2014	<u>2</u>	<u>(43,362)</u>	<u>(43,360)</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year	<u>0</u>	<u>(502,741)</u>	<u>(502,741)</u>
At 31st December 2014	<u>2</u>	<u>(546,103)</u>	<u>(546,101)</u>
At 1st January 2015	<u>2</u>	<u>(546,103)</u>	<u>(546,101)</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year	<u>0</u>	<u>(1,090,210)</u>	<u>(1,090,210)</u>
At 31st December 2015	<u>2</u>	<u>(1,636,313)</u>	<u>(1,636,311)</u>

Notes 1 to 16 form part of these financial statements.

TOLENT HOMES LIMITED

Notes forming part of the financial statements for the year ended 31st December 2015

1. Company information

Tolent Homes Limited is a private limited company incorporated in England and Wales. The registered office is Ravensworth House, 5th Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0HF.

The company is principally engaged in property development.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year in which the financial statements have been prepared under FRS102. Refer to note 16 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The company has adopted the following disclosure exemptions:

- financial instrument disclosures, including:

categories of financial instruments

items of income, expenses, gains or losses relating to financial instruments, and

exposure to and management of financial risks.

- the requirement to disclose transactions within the Group headed by Tolent PLC

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows and related notes, on the basis that it is a qualifying entity and its ultimate parent company, Tolent Plc, includes the company's cash flows in its own consolidated financial statements.

Going concern

The directors have considered the company's cash position, making appropriate enquiries and reviewing forecasts of future trading levels and cash flows covering at least twelve months from the date of these accounts, taking into account the group banking facilities available and expected to be available to the company, and the support of the parent company, Tolent PLC.

On this basis, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has sufficient resources to continue in operation for the foreseeable future. For this reason the directors consider the adoption of the going concern basis in preparing the financial statements is appropriate.

3. Significant judgements and estimates

Carrying value of work in progress

Of the original 179 apartments built in the Echo Buildings complex, 134 have been sold together with the commercial space with the remaining 45 apartments currently being let on short term tenancies whilst purchasers are sought in the difficult market conditions. Management believe, taking into account independent advice received, that the remaining apartments can be sold in the future at levels at least equal to what they are currently carried at within inventory with the rental income covering the outgoings on the apartments in the meantime. As noted in the Report of the Directors, a provision of £1,081,000 was made in 2015 to reflect the current depressed market.

TOLENT HOMES LIMITED

Notes forming part of the financial statements for the year ended 31st December 2015 (continued)

4. Principal accounting policies

The principal accounting policies of the company are stated below.

(a) Turnover

Turnover is the total amount receivable in respect of services provided, excluding value added tax. This includes gross rental income charged in the year to tenants under the terms of their leases.

(b) Work in progress

Work in progress is valued at the lower of cost and net realisable value.

(c) Debtors

Short term debtors are measured at transaction price, less any impairment.

(d) Creditors

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

(e) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the reporting date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are not discounted.

The tax expense/(income) is presented either in the profit or loss, other comprehensive expense/(income) or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

5. Turnover and profit on ordinary activities before taxation

All the group's turnover and results are derived from its principal activity of property development, and its turnover is all from the United Kingdom. Loss on ordinary activities is stated after:

	<u>2015</u>	<u>2014</u>
Auditor's remuneration:	£	£
For the audit of the company	2,450	2,400
Tax and other Services	<u>300</u>	<u>300</u>
	<u>2,750</u>	<u>2,700</u>

TOLENT HOMES LIMITED

Notes forming part of the financial statements for the year ended 31st December 2015 (continued)

The average number of employees of the company during the year was 2 (2014 - 2). Directors' emoluments were £nil (2014 - £nil). Retirement benefits were accruing to no directors in the year (2014 - none).

6. Net interest

	2015	2014
	£	£
Payable on bank overdraft and other loans repayable:		
within five years, otherwise than by instalments	<u>72,774</u>	<u>81,302</u>

7. Tax on result on ordinary activities

	2015	2014
	£	£
The tax charge/(credit) represents:		
Corporation tax at 20.25% (2014 - 21.5%)	<u>0</u>	<u>0</u>
Current taxation	0	0
Deferred taxation	<u>(17,838)</u>	<u>(20,805)</u>
Tax on loss on ordinary activities	<u>(17,838)</u>	<u>(20,805)</u>

The tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 20.25% (2014 - 21.5%). The differences are explained as follows:

	2015	2014
	£	£
Loss on ordinary activities before taxation	(1,108,048)	(523,546)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20.25% (2014 - 21.5%)	(224,379)	(112,562)
Effects of:		
expenses not deductible for tax purposes	911	0
adjustment in respect of lower rate tax	223	1,560
tax losses carried forward	<u>205,407</u>	<u>90,197</u>
Tax on loss on ordinary activities	<u>(17,838)</u>	<u>(20,805)</u>

During the year the UK corporation tax rate was decreased. Following Budget 2015 announcements, there will be a further reduction on the main rate of corporation tax to 19% from April 2017 and 18% from April 2020.

8. Debtors

	2015	2014
	£	£
Other debtors	37,535	64,995
Prepayments	25,792	0
Amounts owed by related undertakings	20,805	0
Deferred taxation	<u>17,838</u>	<u>20,805</u>
	<u>101,970</u>	<u>85,800</u>

TOLENT HOMES LIMITED

Notes forming part of the financial statements for the year ended 31st December 2015 (continued)

9. Deferred taxation

	<u>2015</u>	<u>2014</u>
	£	£
At 1st January 2015	20,805	0
Credit to profit and loss in the year	17,838	20,805
Prior year group relief	(20,805)	0
Deferred tax balances are made up as follows:		
Unused tax losses	<u>17,838</u>	<u>20,805</u>
Further deferred taxation of £295,604 on unused tax losses have not been recognised given the uncertainty of recovery.		

10. Creditors: amounts falling due within one year

	<u>2015</u>	<u>2014</u>
	£	£
Trade creditors	27,138	3,690
Other creditors and accruals	115,242	70,221
Bank loan	228,721	220,165
Amounts owed to related undertakings	<u>6,817,452</u>	<u>6,654,252</u>
	<u>7,188,553</u>	<u>6,948,328</u>

11. Creditors: amounts falling due after more than one year

	<u>2015</u>	<u>2014</u>
	£	£
Bank Loan	<u>1,455,144</u>	<u>1,683,641</u>
Aggregate amounts repayable by instalments:		
within one year	228,721	220,165
between one and two years	238,387	229,048
between two and five years	<u>1,216,757</u>	<u>1,454,593</u>
	<u>1,683,865</u>	<u>1,903,806</u>

The bank loan is secured over a site included within work in progress. Interest is payable on the loan at 3.5% over bank Libor rate.

12. Called up share capital

	<u>2015</u>	<u>2014</u>
	£	£
Allotted, called up and fully paid -		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

13. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

TOLENT HOMES LIMITED

Notes forming part of the financial statements for the year ended 31st December 2015 (continued)

14. Contingent liabilities

The company is party to cross guarantees for the bank borrowings of Tolent PLC, Tolent Corporation Limited, Tolent Construction Limited, Tolent Homes Limited, T Holdings Limited, Tolent Fleet Management Limited and Echo Buildings Limited.

At 31 December 2015 this amounted to £nil (2014 - £nil).

15. Ultimate parent undertakings

The immediate parent undertaking of this company is Tolent Corporation Limited. The ultimate parent undertaking/controlling related party of this company is Tolent PLC, which is registered in England and Wales. The only group of undertakings for which consolidated accounts have been prepared is that headed by Tolent PLC. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the Registered Office.

16. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The transition date was 1 January 2014. There are no changes in accounting policies which require a reconciliation of profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS102.