

**TOLENT HOMES LIMITED**

**Report and Financial Statements**  
**For the year ended**  
**31st December 2016**

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# **TOLENT HOMES LIMITED**

Annual report and financial statements for the year ended 31st December 2016

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# **TOLENT HOMES LIMITED**

Directors, Secretary and Registered Office

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## **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 - 02803140

# **TOLENT HOMES LIMITED**

Report of the Directors for the year ended 31st December 2016

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The directors present their report together with the audited financial statements for the year ended 31st December 2016.

## **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 result reflects a provision of £2,427,000 (2015 - £1,081,000) against the carrying value of 45 apartments in the Echo Buildings in Sunderland which remain unsold. Although we are pleased to report a continued high level of occupancy throughout 2016, the local housing market remains depressed and the provision has been made by the Directors to reflect the current value of £4,470,000 based on an external valuation. The apartments have been transferred to investment properties at the end of the year, previously they were treated as work in progress.

## **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

4th April 2017



## **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 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes.

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](http://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 2016 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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.
- the Report of the directors has been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the directors.

#### **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.

*CL MRE UK LP*

Michael Redfern

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Sheffield

4th April 2017.

**TOLENT HOMES LIMITED**

Statement of comprehensive income for the year ended 31st December 2016

	Note	<u>2016</u>	<u>2015</u>
		£	£
Turnover	4	220,350	279,100
Decrease in work in progress		<u>(2,427,192)</u>	<u>(1,080,961)</u>
		(2,206,842)	(801,861)
Other operating charges		<u>(220,799)</u>	<u>(233,413)</u>
Operating result		(2,427,641)	(1,035,274)
Net interest	6	<u>(63,275)</u>	<u>(72,774)</u>
Loss on ordinary activities before taxation	4	(2,490,916)	(1,108,048)
Tax on loss on ordinary activities	7	<u>420,879</u>	<u>17,838</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year	14	<u>(2,070,037)</u>	<u>(1,090,210)</u>
Loss on ordinary activities after taxation and total comprehensive loss attributable to equity shareholders of Tolent Homes Limited		<u>(2,070,037)</u>	<u>(1,090,210)</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 2016

	Note	<u>2016</u>	<u>2015</u>
		£	£
<b>Fixed Assets</b>			
Investment property	8	<u>4,470,000</u>	<u>0</u>
<b>Current assets</b>			
Work in progress		0	6,897,192
Debtors	9	412,924	101,970
Cash at bank and in hand		<u>30,099</u>	<u>8,224</u>
		443,023	7,007,386
Creditors: amounts falling due within one year	11	<u>(7,405,293)</u>	<u>(7,188,553)</u>
Net Current liabilities		<u>(6,962,270)</u>	<u>(181,167)</u>
Total assets less current liabilities		(2,492,270)	(181,167)
Creditors: amounts falling due after more than one year	12	<u>(1,214,078)</u>	<u>(1,455,144)</u>
		<u>(3,706,348)</u>	<u>(1,636,311)</u>
<b>Capital and reserves</b>			
Called up share capital	13	2	2
Profit and loss account	14	<u>(3,706,350)</u>	<u>(1,636,313)</u>
Shareholders' funds		<u>(3,706,348)</u>	<u>(1,636,311)</u>

The financial statements were approved and authorised by the Board of Directors on 4th April 2017.

 J.G. WOOD )



A.D. CLARK )

) Directors

Company number 02803140

Notes 1 to 16 form part of these financial statements.

## **TOLENT HOMES LIMITED**

Statement of changes in equity for the year ended 31st December 2016

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	<u>Share Capital</u>	<u>Profit and Loss account</u>	<u>Total Equity</u>
	£	£	£
<b>At 1st January 2015</b>	2	(546,103)	(546,101)
Loss on ordinary activities after taxation and total comprehensive loss for the year	0	(1,090,210)	(1,090,210)
<b>At 31st December 2015</b>	<u>2</u>	<u>(1,636,313)</u>	<u>(1,636,311)</u>
<b>At 1st January 2016</b>	2	(1,636,313)	(1,636,311)
Loss on ordinary activities after taxation and total comprehensive loss for the year	0	(2,070,037)	(2,070,037)
<b>At 31st December 2016</b>	<u>2</u>	<u>(3,706,350)</u>	<u>(3,706,348)</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 2016

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## **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.

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 the total compensation of key management

- 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**

### *Valuation of investment properties*

The company carries its investment property at fair value, with changes in fair value being recognised in profit and loss. The company engaged an independent valuation specialist to determine the fair value at the reporting date. The valuer used a recognised valuation technique. The determined fair value of the investment property is sensitive to the estimated yield and the occupancy rate. The apartments have been transferred to investment properties at the end of the year, previously they were treated as work in progress.

## **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.

# **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2016 (continued)

## **(b) Investment Properties**

The company's properties are held for long term investment and are leased to third parties. Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in profit and loss account.

## **(c) Work in progress**

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

## **(d) Debtors**

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

## **(e) 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.

## **(f) 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:

	2016	2015
Auditor's remuneration:	£	£
For the audit of the company	2,550	2,450
Tax and other Services	300	300
	<u>2,850</u>	<u>2,750</u>

The average number of employees of the company during the year was 2 (2015 - 2). Directors' emoluments were £nil (2015 - £nil).

## **6. Net interest**

	2016	2015
	£	£
Payable on bank overdraft and other loans repayable:		
within five years, otherwise than by instalments	<u>63,275</u>	<u>72,774</u>

# **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2016 (continued)

## **7. Tax on result on ordinary activities**

The tax credit represents:	2016	2015
	£	£
Corporation tax at 20% (2015 - 20%)	(362,333)	0
Adjustment in respect of prior years	<u>(58,546)</u>	<u>0</u>
Current taxation	(420,879)	0
Deferred taxation	<u>0</u>	<u>(17,838)</u>
Tax on loss on ordinary activities	<u>(420,879)</u>	<u>(17,838)</u>

The tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 20% (2015 - 20%). The differences are explained as follows:

	2016	2015
	£	£
Loss on ordinary activities before taxation	<u>(2,490,916)</u>	<u>(1,108,048)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015 - 20%)	(498,183)	(224,379)
Effects of:		
expenses not deductible for tax purposes	700	911
adjustment in respect of lower rate tax	0	223
tax losses carried forward	135,150	205,407
adjustments to tax charge in respect of prior years	<u>(58,546)</u>	<u>0</u>
Total tax credit for year	<u>(420,879)</u>	<u>(17,838)</u>

At the Summer Budget 2015, the Government announced a reduction in the main rate of corporation tax to 19% from April 2017 and 18% from April 2020. At the Budget 2016, the Government announced a further reduction to the main rate of corporation tax from 2020, setting the rate at 17%.

## **8. Investment Property - Long leasehold land and buildings**

	£
Valuation	
At 1st January 2016	0
Transfer from work in progress	<u>4,470,000</u>
At 31st December 2016	<u>4,470,000</u>

The investment properties are pledged as security for the company's bank loan.

The long leasehold properties were valued in November 2016 by Sanderson Young (chartered surveyors), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location of the investment properties being valued. The valuer was not an officer or an employee of the company. The basis of the fair value valuation was on open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The Directors consider that these amounts continue to reflect their value at the balance sheet date. The apartments have been transferred to investment properties at the end of the year, previously they were treated as work in progress.

# **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2016 (continued)

## **9. Debtors**

	2016	2015
	£	£
Other debtors	23,375	37,535
Prepayments	27,216	25,792
Amounts owed by group undertakings	362,333	20,805
Deferred taxation	0	17,838
	<u>412,924</u>	<u>101,970</u>

## **10. Deferred taxation**

	2016	2015
	£	£
At 1st January 2016	17,838	20,805
Credit to profit and loss in the year	362,333	17,838
Group relief	(362,333)	0
Prior year group relief	<u>(17,838)</u>	<u>(20,805)</u>
At 31st December 2016	<u>0</u>	<u>17,838</u>
Deferred tax balances are made up as follows:		
Unused tax losses	<u>0</u>	<u>17,838</u>

Deferred taxation has been calculated at 19% (2015 - 20%) on timing differences relating to unused tax losses. The deferred tax asset has not been recognised in the financial statements given the uncertainty of recovery.

	2016	2015
	£	£
At 1st January 2016	295,604	90,197
Tax losses carried forward	135,150	205,407
Prior year group relief	(76,384)	0
Rate change from 20% to 19%	<u>(8,019)</u>	<u>0</u>
	<u>346,351</u>	<u>295,604</u>

## **11. Creditors: amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	29,646	27,138
Other creditors and accruals	85,625	115,242
Bank loan	241,032	228,721
Amounts owed to group undertakings	<u>7,048,990</u>	<u>6,817,452</u>
	<u>7,405,293</u>	<u>7,188,553</u>

The amounts owed to group undertakings are repayable on demand with interest being charged at zero percent.

# **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2016 (continued)

## **12. Creditors: amounts falling due after more than one year**

	<u>2016</u>	<u>2015</u>
	£	£
Bank Loan	<u>1,214,078</u>	<u>1,455,144</u>
Aggregate amounts repayable by instalments:		
within one year	241,032	228,721
between one and two years	1,214,078	238,387
between two and five years	<u>0</u>	<u>1,216,757</u>
	<u>1,455,110</u>	<u>1,683,865</u>

The bank loan is secured over the properties included within investment property. Quarterly capital and interest payments are made. Interest is payable on the loan at 3.5% over bank Libor rate.

## **13. Called up share capital**

	<u>2016</u>	<u>2015</u>
	£	£
Allotted, called up and fully paid -		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

## **14. 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.

## **15. 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 Living Limited and Tolent Solutions Limited.

At 31 December 2016 this amounted to £nil (2015 - £nil).

## **16. Ultimate parent undertakings**

The immediate and 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.