

**TOLENT HOMES LIMITED**

**Report and Financial Statements**

**For the year ended  
31st December 2018**



# **TOLENT HOMES LIMITED**

Annual report and financial statements for the year ended 31st December 2018

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# **TOLENT HOMES LIMITED**

Directors, Secretary and Registered Office

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## **Directors**

A.D. Clark

A. I. McLeod                      Appointed 6th December 2018

P. W. Webster                      Appointed 6th December 2018

J.G. Wood                          Resigned 31st December 2018

## **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 2018

The directors present their report together with the audited financial statements for the year ended 31st December 2018.

### **1. Principal activities**

The company is principally engaged in property development. The company owns 45 apartments in the Echo Buildings in Sunderland. The Directors have taken the decision to dispose of these apartments as they do not form part of the overall Tolent Plc Group's future strategy.

### **2. Results**

The statement of comprehensive income is set out on page 5 and shows the result for the year reflecting a provision of £460,000 (2017 - £710,000) against the carrying value of the apartments. Although we are pleased to report a continued high level of occupancy throughout 2018, the local housing market remains depressed and the provision has been made by the Directors to reflect the current realisable value of £3,300,000.

### **3. Directors**

The directors in office at the end of the year were Messrs A. D. Clark, A. I. McLeod and P. W. Webster. Mr. A. D. Clark served throughout the year. Messrs A. I. McLeod and P. W. Webster were appointed on 6th December 2018. Mr. J. G. Wood resigned on 31st December 2018. Messrs A. D. Clark, A. I. McLeod and P. W. Webster are also directors of the ultimate parent company and their interests in the shares of the ultimate parent company are disclosed in that company's financial statements.

### **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 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



17th April 2019

## **TOLENT HOMES LIMITED**

Independent auditor's report to the members of Tolent Homes Limited

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We have audited the financial statements of Tolent Homes Limited (the 'company') for the year ended 31 December 2018 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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; and
- the Report of the directors has been prepared in accordance with applicable legal requirements.

## **TOLENT HOMES LIMITED**

Independent auditor's report to the members of Tolent Homes Limited (continued)

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### **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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors for the financial statements**

As explained more fully in the Statement of Directors' 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

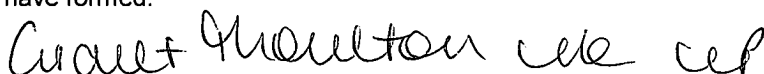
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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



Donna Steel

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Sheffield

17th April 2019

# **TOLENT HOMES LIMITED**

Statement of comprehensive income for the year ended 31st December 2018

	Note	2018 £	2017 £
Turnover	5	313,035	282,025
Other operating charges		<u>(287,731)</u>	<u>(276,725)</u>
		25,304	5,300
Fair value loss on investment property	8	<u>(460,000)</u>	<u>(710,000)</u>
Operating result		(434,696)	(704,700)
Net interest	6	<u>(45,427)</u>	<u>(51,436)</u>
Loss on ordinary activities before taxation	5	(480,123)	(756,136)
Tax on loss on ordinary activities	7	<u>0</u>	<u>(113,253)</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year	14	<u>(480,123)</u>	<u>(869,389)</u>
Loss on ordinary activities after taxation and total comprehensive loss attributable to equity shareholders of Tolent Homes Limited		<u>(480,123)</u>	<u>(869,389)</u>

All the above transactions relate to the Echo Buildings property. The Directors have taken the decision to dispose of this property.

Notes 1 to 16 form part of these financial statements.

# TOLENT HOMES LIMITED

Statement of financial position at 31st December 2018

	Note	<u>2018</u>	<u>2017</u>
		£	£
Fixed Assets			
Investment property	8	<u>0</u>	<u>3,760,000</u>
Current assets			
Property held for sale	8	3,300,000	0
Debtors	9	64,470	71,610
Cash at bank and in hand		<u>16,921</u>	<u>31,589</u>
		3,381,391	103,199
Creditors: amounts falling due within one year	11	<u>(7,728,302)</u>	<u>(8,438,936)</u>
Net Current liabilities		<u>(4,346,911)</u>	<u>(8,335,737)</u>
Total assets less current liabilities		(4,346,911)	(4,575,737)
Creditors: amounts falling due after more than one year	12	<u>(708,949)</u>	<u>0</u>
		<u>(5,055,860)</u>	<u>(4,575,737)</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	<u>(5,055,862)</u>	<u>(4,575,739)</u>
Shareholders' funds		<u>(5,055,860)</u>	<u>(4,575,737)</u>

The financial statements were approved and authorised by the Board of Directors on 17th April 2019.




A. D. CLARK

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Directors



A. I. MCLEOD

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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 2018

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	<u>Share Capital</u>	<u>Profit and Loss account</u>	<u>Total Equity</u>
	£	£	£
<b>At 1st January 2017</b>	2	(3,706,350)	(3,706,348)
Loss on ordinary activities after taxation and total comprehensive loss for the year	0	(869,389)	(869,389)
<b>At 31st December 2017</b>	<u>2</u>	<u>(4,575,739)</u>	<u>(4,575,737)</u>
<b>At 1st January 2018</b>	2	(4,575,739)	(4,575,737)
Loss on ordinary activities after taxation and total comprehensive loss for the year	0	(480,123)	(480,123)
<b>At 31st December 2018</b>	<u>2</u>	<u>(5,055,862)</u>	<u>(5,055,860)</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 2018

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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 potential sale of the company's property. The directors also considered 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 property held for sale/investment properties*

The company carries its investment property at fair value, with changes in fair value being recognised in profit and loss. The determined fair value of the investment property is sensitive to the estimated yield and the occupancy rate. These investment properties were reclassified during the year to reflect the Director's decision to dispose of the properties. The property held for sale are carried at their estimated realisable value as determined by the current market conditions.

## **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 2018 (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) Property held for sale**

Property held for sale is measured as fair value. The surplus or deficit on revaluation is recognised in profit and loss account

## **(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:

	2018	2017
	£	£
Auditor's remuneration:		
For the audit of the company	5,350	5,200
Tax and other Services	1,150	1,000
	<u>6,500</u>	<u>6,200</u>

The average number of employees of the company during the year was 2 (2017 - 2). Directors' emoluments were £nil (2017 - £nil).

## **6. Net interest**

	2018	2017
	£	£
Payable on bank overdraft and other loans repayable:		
within five years, otherwise than by instalments	<u>45,427</u>	<u>51,436</u>

# **TOLANT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2018 (continued)

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

The tax charge/(credit) represents:	2018	2017
	£	£
Corporation tax at 19% (2017 - 19.25%)	0	(10,036)
Adjustment in respect of prior years	0	123,289
Current taxation	0	113,253
Deferred taxation	0	0
Tax on loss on ordinary activities	0	113,253

The tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 19% (2017 - 19.25%). The differences are explained as follows:

	2018	2017
	£	£
Loss on ordinary activities before taxation	(480,123)	(756,136)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017 - 19.25%)	(91,223)	(145,556)
Effects of:		
expenses not deductible for tax purposes	1,520	(1,155)
tax losses carried forward	89,703	136,675
adjustments to tax charge in respect of prior years	0	123,289
Total tax charge/(credit) for year	0	113,253

## **8. Property held for sale/Investment Property - Long leasehold land and buildings**

Following the Director's decision to sell the company's property, it has been reclassified from Investment Property to Property held for sale.

	£
Valuation	
At 1st January 2018 held as Investment Property	3,760,000
Fair value adjustments	(460,000)
At 31st December 2018 held as property held for sale	3,300,000

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

The investment property, long leasehold land and buildings were valued in November 2017 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 have made an assessment of the current fair value at 31st December 2018 based on the current local market conditions.

If the property had not been revalued they would have been included on a historical cost basis with a net book value of £8,664,080 (2017 - £8,664,080).

# **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2018 (continued)

## **9. Debtors**

	2018	2017
	£	£
Other debtors	30,700	31,377
Prepayments	29,935	30,032
Amounts owed by group undertakings	3,835	165
Current taxation	0	10,036
	<u>64,470</u>	<u>71,610</u>

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

## **10. Deferred taxation**

Deferred taxation has been calculated at 17% (2017 - 19%) 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.

	2018	2017
	£	£
At 1st January 2018	535,389	346,351
Tax losses carried forward	89,703	136,675
Prior year group relief	0	123,290
Rate change ( 2017 - 19% to 17%)	(9,442)	(70,927)
	<u>615,650</u>	<u>535,389</u>

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

	2018	2017
	£	£
Trade creditors	2,404	33,573
Other creditors and accruals	139,283	111,906
Bank loan	256,615	1,213,457
Amounts owed to group undertakings	7,330,000	7,080,000
	<u>7,728,302</u>	<u>8,438,936</u>

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

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

	2018	2017
	£	£
Bank Loan	<u>708,949</u>	<u>0</u>
Aggregate amounts repayable by instalments:		
within one year	256,615	1,213,457
between one and two years	267,764	0
between two and five years	441,185	0
	<u>965,564</u>	<u>1,213,457</u>

## **TOLENT HOMES LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2018 (continued)

The bank loan is secured over the properties included within property held for sale. 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>2018</u>	<u>2017</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 2018 this amounted to £nil (2017 - £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.