TOLENT PLC

Report and Financial Statements
For the year ended
31st December 2021

TOLENT PLC

Annual report and financial statements for the year ended 31st December 2021

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Directors, Secretary and Registered Office

Directors

C. Anderson	Non Executive Chairman
P.W. Webster	Chief Executive Officer
M. D. Overton	Chief Financial Officer
I.M. Lawson	Non Executive Director
O.A.J. Aebi	Non Executive Director

Secretary

M. D. Overton

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Registered in England : Company Number - 03819314

TOLENT PLC

Chairman's statement

2021

When I issued my statement with the 2020 accounts I thought that the bad news in terms of trading results was largely behind us but, unfortunately, that has not proven to be the case.
The impact of COVID restrictions and absences due to infections continued to put margins under pressure and, of more significance recently, global tensions and supply chain problems have seen inflation rising at unprecedented levels. These have also contributed to a decline in margins and had the effect of delaying the commencement of some projects whose viability has been called into question, requiring re-design and re-specification. We have also been impacted by the collapse of one of our clients along with quite significant problems on one contract in particular.

The combined effect of these factors has resulted in a consolidated loss for the year of £4.0m which necessitated the recently announced rights issue to enable the group to continue in operation.

The CEO and FD both decided to leave the business in 2021 and, under the leadership of our new chief executive, Paul Webster, and our new chief financial officer Mark Overton, we have restructured our operations making a number of changes at senior management level and redesigned certain processes with the aim of de-risking the business and returning to profitability.

It has been very encouraging during this time to receive the ongoing support from many of our regular clients and sub-contractors who have worked with us for many years.

Rights Issue

It became apparent early in 2022 that the group required to be refinanced in order to continue as a going concern. This of course followed on from the debt refinancing exercise that had taken place a year earlier. The board therefore began discussions with the major shareholders and IGF Business Credit Ltd, our debt providers, the conclusion of which was the £3.7m equity rights issue, underwritten by the major shareholder Gutenga Investments PCC Ltd, in tandem with a 2 year extension of the IGF debt facilities.
The pro-forma statement of group equity set out in the Strategic Report (page 7) shows the impact of this fund raising as if it had been effected at the year end.
I and the rest of the board very much appreciate the support provided by Gutenga, IGF, the wider shareholder population and also members of the senior management team who have subscribed for shares as part of the issue. Rest assured that, as a board, we are acutely aware of the responsibility placed upon us to deliver for you all.

Dividend

Give the foregoing it will be no surprise to read that we are not proposing the payment of any dividend in relation to the year ended 31 December 2021.

We are still very much in recovery mode as we seek to rebuild the group balance sheet in the coming years and, as a result, do not anticipate the resumption of dividend payments in the near future.

Outlook

We began 2022 with a lower order book than in 2021, in large part reflecting the imminent completion of one or two larger projects and therefore anticipate that turnover in 2022 will be lower than in the previous year. The reduction in revenues for this coming year is partly as a result of our efforts to de-risk our operations and also reflects a number of projects that have been delayed.

However, we are trading profitably, our cash flows remain positive and we have an encouraging pipeline of opportunities in both the Private and Public sectors.

Our people

Finally I would like to pay tribute once again to the resilience of the entire Tolent team in the face of another very difficult period. It is their support and ongoing efforts that give us the confidence to continue building a future for this business. On behalf of my board colleagues I thank everyone who works for Tolent for their continued support.

C. Anderson

Non Executive Chairman

28th June 2022

TOLENT PLC

Strategic Report

1. Principal activities

The Group is principally engaged in the construction industry in the United Kingdom. The Group is also involved in property development, including holding investment properties and properties occupied by member companies of the Tolent PLC group.

The Company is principally engaged in the activity of a holding company and the provision of management services to its subsidiaries.

2. Business Review

Overall review and results for the period

2021 has been another challenging year for the Group in relation to completing the withdrawal from our Southern business unit operations and the continued disruption caused by the Covid 19 pandemic and the emerging supply issues created to some extent by Brexit. Price inflation within the industry increased during 2021 and this has continued at pace into 2022. The levels of activity and opportunities have improved during the course of the year as projects previously delayed by Covid uncertainties have now been restarted.

The Covid 19 pandemic continues to have an impact, although to a lesser extent than in 2020, with the commercial consequences being reflected in all negotiations and tenders. The Group continues to implement Covid safe protocols across all of its sites and offices.

The initial consequences of the Brexit process, completed on 31st December 2020 were successfully managed by the Group and the industry as a whole. The more significant consequences for the industry, including labour and material shortages, led to significant price inflation which has and continues to require careful planning and management.

The withdrawal from the Southern regional business was completed in 2021 with the completion of the remaining projects and closure of the office.

Tolent's commercial position was strengthened in May 2021 by securing a £12m asset based lending facility, this facility was increased to £12.9m in May 2022 and the minimum period was extended by an additional 2 years. This now provides Tolent with the security of working capital needed to support the Group as it faces the commercial challenges arising from the continued effects of Covid 19, Brexit, the conflict in Ukraine and resulting high levels of inflation. In addition this also supports the delivery of Tolent's strategic plans over the coming years.

Tolent's focus is to secure more contracts with clients from the public sector and Housing Associations whilst ensuring strong controls around all aspects of risk management. The secured order book of £106m at the start of 2022 provides a strong platform for delivery of this strategy.

Tolent has managed the business ensuring there was no further requirement to access the Coronavirus Job Retention Scheme implemented by the Government during 2021, with the last claim made for furloughed employees being in September 2020.

The overall loss on revaluation of investment properties and assets held for sale was £20,000 (2020 loss £165,000). The Group continues to divest itself of the residential development, known as Echo Buildings, and therefore this is disclosed as activities now discontinued in the statement of comprehensive income.

The continuing operations generated an operating loss of £4,050k in 2021 compared to an operating profit of £4,578k in 2020. This was due to a bad debt provision of £2,016k made against a client who went into administration and significant losses incurred on one particular contract. With the exception of these two significant impacts the remaining underlying business performed profitably and generally in line with expectations.

Net interest payable increased this year to £308k, compared to £20k in 2020, due to the refinancing activities during the year. The continuing operations loss before tax of £4,358k compared to a profit of £4,558k in 2020.

The tax credit in the year of £405k reflects the recognition of deferred tax in relation to some of the trading losses for corporation tax purposes in the year. The Directors believe this will be recovered against future trading profits within 2 years.

The total comprehensive loss after tax of the continuing operations was £3,950k (a loss of £3,993k after activities due to cease) compared with a profit of £3,629k in 2020 (2020 - loss of £8,311k after activities due to cease).

At the year end the Group had cash funds in hand of £10,500k compared with £15,523k at the end of 2020. The poor trading as noted above is the main reason for this decrease in cash. It is worth noting that this figure is an integral part of the working capital of the business and is expected to fluctuate both up and down throughout the year depending upon the type and quantity of work in progress at any point in time. In addition to the above the Group had borrowings at the year end of £3,930k (2020: £644k) relating to all properties within the Group.

Construction activities

Tolent Construction Limited

We operate from four offices across the North of the United Kingdom, with work generated across a number of different sectors including industrial, commercial, residential, petro-chemical, civil, public and health sectors. This affords some protection against any down turn in activity in certain markets or particular geographical regions. Our objective is to continue to achieve our maximum potential in each of these activities by maintaining our focus on quality, value for money and delivering our services in a non-adversarial customer friendly manner. As in previous years we have successfully completed several major projects. The variety of work carried out can best be demonstrated by projects undertaken during the year, some of which continue as work in progress:

- Progression of a mixed use scheme at Milburngate in Durham (£84.5m)
- Care home at Filey Fields (£9.4m)
- A number of schemes for the NHS (£9.1m)
- Student accommodation refurbishment work in Nottingham and Newcastle (£8.5m)
- Border control post at Killingholme (£19m)
- Civils work for Worley Europe in Teesside (£7m)
- Leisure centre, pool and sports hall at Berwick (£20.5m)
- Completion of a residential scheme at Sweet Street in Leeds (£23.9m)

The project at Milburngate which commenced in June 2019 has been the largest contract this year with just over £40m of activity during 2021. This regeneration project is for the construction of a new build mixed use development including retail / leisure / cinema / car park / PRS apartments / hotel, located in Durham city centre. The project is due to complete mid year 2022.

Our success is underpinned by the quality of the people involved in our business together with subcontractors and suppliers who share our ethos of providing a pro-active and responsive service that meets or exceeds our customers' demands. This policy has resulted in a high level of repeat business from an ever expanding customer base. Our belief that people are our most important asset is supported by our commitment to training and personnel development. This will ensure that our long term objectives can be delivered to customers on a consistent basis. This is reflected in Tolent Construction Limited being ISO:9001:2015 - Quality Management System, accredited.

Tolent Living Limited and Tolent Solutions Limited

These companies are principally engaged in building and construction activities in the residential and related markets including new build construction, refurbishment and maintenance of properties. Clients include a range of social housing providers, local authorities and Councils and private residential developers. The projects undertaken during the year, some of which are ongoing, include:

- Centre Point for Spirit Regeneration at Cramlington (£8m)
- Phase 2 annuity scheme for Newcastle City Council (8 sites £26.9m)
- Eskdale Drive for South Tyneside Homes at Jarrow (£7.8m)
- Retro fit and Energy Efficiency contracts for Durham City Council (£12.9m)
- Avenue Vivian for Gentoo Group (£5.6m)
- 2 schemes for Newcastle City Council at Hartburn and Scotswood (£14.8m)
- 67 units for Chapter Homes at Oakerside (£9.6m)
- continued development and sale of 100 units at Salters Lane (£21m)
- commencement of 60 units for Chapter Homes at Gilesgate, Durham (£8.8m).
- asbestos removal division (£4.8m)

Overall the current residential market continues to be buoyant with housing, and particularly social housing, being prioritised by successive Governments.

Quality Assurance, Health and Safety and Environment

We operate a programme of continuous improvement in Health and Safety management and staff training. We are accredited members of the following recognised Safety bodies: ROSPA, IOSH, IEMA, British Safety Council, CHAS and Constructionline. The Accident Incident Rate (AIR) in 2021 was 345, (2020 - 122) per 100,000 hours. This rate at present is above the national average for the construction industry according to the Health and Safety Executive statistics of 242 per 100,000 hours (AIR). In 2021 548 'off job' days (2020 - 471) of health and safety training has been delivered with a total of approximately 562, (2020 - 627) site visits and audits being completed in addition to 11, (2020 - 9) site visits from HSE Inspectors.

We are accredited under ISO 9001:2015 overall Quality Management Systems along with OHSAS 45001:2018 for implementing, maintaining and continually improving our Occupational Health and Safety (OH&S) management system that eliminates or minimises risk to employees and other interested parties who may be exposed to OH&S risk associated with our activities. We remain accredited under ISO 14001:2015 for our environmental management system which identifies and controls the environmental impact of our activities, products or services, continually improves our environmental performance and implements a systematic approach to setting environmental objectives. We are also accredited under ISO 50001:2018 for Energy Management which encourages organisations to integrate energy management into their overall efforts to improve quality and environmental management.

Property development and investment activities

Ravensworth Properties Limited

Ravensworth operates in the office letting market at purpose built office parks. Improvements are made to the property stock where necessary to maintain standards dictated by the market place. The strategy is to secure tenants with good covenant strength for lease periods in excess of three years.

Tolent Living Limited and Tolent Solutions Limited together occupy one office, and two Tolent Construction regional divisions occupy two further offices, all owned by Ravensworth. The continued success of these companies has a direct bearing on the results of Ravensworth. The Directors consider the result for the year to be satisfactory.

The space available to let during the year was 40,000 sq. ft. No properties were acquired during 2021. The occupancy rate for 2021 was 89% (2020 - 88%). One unit (2 lettable areas) on the Team Valley Industrial Estate has been successfully leased in the year. All properties are currently let.

One property was in the process of being disposed of at the year end.

Tolent Homes Limited

An agreement has been reached with a purchaser to sell the remaining 25 units in the Echo Buildings in Sunderland, owned by Tolent Homes, in tranches following the sale of the first 20 apartments to the purchaser in 2019. The sale was delayed due to the uncertainty in the market created by Covid 19 with the Directors being hopeful that the remaining sales can be completed in 2022. The apartments remain available for rental during this disposal process.

Future residential developments are currently being considered for Tolent Homes Limited

Coolmore Land Limited

The company was principally engaged in the property development of a 200 acre site adjacent to the A19 in Seaham, North East England. The site has achieved outline planning permission for the construction of 1,500 residential units along with the provision of other facilities to create a Garden Village. This site was sold to Taylor Wimpey UK Ltd and Miller Homes Ltd on 31st May 2022.

Rights Issue

On 18th May 2022, 37 million new shares at 10p per share, were allotted and fully paid under a Rights Issue, raising £3.7m of new share capital. Three directors of Tolent plc subscribed to and were allotted shares under this issue. The impact of this on the Total Equity of the Group as if it had taken place at 31 Dec 2021 is as follows:

	Dec 2021 actual	Dec 2021 pro-forma
Equity		
Share capital	1,283	4,983
Capital reserve	0	0
Revaluation reserve	596	596
Other reserve	(256)	(256)
Profit and loss account	(4,424)	(4,424)
Total Equity	(2,801)	899

3. Key Performance Indicators

The Directors monitor a number of key performance indicators by which they assess business performance. These include the financial criteria of turnover, operating margin and profit before tax along with non-financial criteria of accident frequency rates, days of health and safety training delivered and site visits and occupancy rates of the property operations.

4. Risks and uncertainties

Covid 19 and Brexit

The Covid 19 pandemic continues to have an impact, although to a lesser extent, with the commercial consequences being reflected in all negotiations and tenders. The Group continues to implement Covid safe protocols in accordance with Government advice.

The initial consequences of the Brexit process, completed on 31st December 2020 were successfully managed by the Group and the industry as a whole. The more significant consequences for the industry, including labour and material shortages, led to significant price inflation which continues to require careful planning and management.

Going concern conclusion

The asset based lending facility was increased and extended by an additional 2 years in May 2022, alongside the raising of £3.7m new share capital via the Rights Issue. On 31st May 2022, Coolmore Land Ltd sold the development land at Seaham and the cash from the sale of that asset is now available within the Group as working capital. Therefore, the Directors confirm that, after due consideration they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Construction Risk

The key risks are the general market conditions which accompany the construction sector, loss making projects and ensuring the retention and recruitment of employees with appropriate skills. A more focused approach to work winning has been implemented which is vital in such challenging market conditions. Further strengthening of risk management procedures and processes, particularly in relation to certain types of work, has contributed to progressing the target of reducing/eliminating loss making contracts. Action has been taken to ensure that all key positions at the business are occupied by employees with the required level of skills. Skill shortages and material price inflation continue to present challenges in the current market place and need to be managed in the tender and procurement process as well as in the delivery of contracts.

Property Risk

The property market, as shown over the last decade can be very volatile in terms of market values, rental and occupancy rates. Risk analysis has now been built into project appraisals, including sensitivity analysis around rental streams, interest rates and yield factors.

5. Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. The main risks arising from the Group financial instruments are liquidity and credit risk. The Directors review and agree policies for managing these risks and they are summarised below. The policies have remained unchanged from previous periods.

Liquidity and credit risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group finances its operations through a mixture of working capital and asset based lending facilities. The Group's principal financial assets are trade debtors and amounts recoverable on contracts. In order to manage the credit risk the Directors consider exposure on a customer by customer basis for significant contracts.

6. Section 172 (1) Statement

The Directors of the Company must act in accordance with the general duties set out in section 172 of the Companies Act 2006. This is summarised as follows:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term.
- the interests of the company employees.
- the need to foster the company's business relationships with suppliers, customers and others.
- 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 conduct, and
- the need to act fairly as between members of the company.

Strategic decisions

The Group operates mainly in the competitive construction market across a variety of sectors with a mixture of public and private sector clients. This has required monitoring of which funding sources and sectors are being invested in at any one time, taking account of national statistics and local knowledge. This is to ensure the Group has adequate knowledge to direct resources to ensure turnover and profitability are maintained.

Our employees

Employees are essential to the Group's interaction with other stakeholders and their commitment ensures successful trading and the development of the business. Assessing health and safety risks for employees has been paramount in the Covid 19 outbreak as well as the health and safety of those whom employees come into contact with.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons (including any who may become disabled whilst in the employment of the Group) and to arrange appropriate training.

The Group is committed to involving all employees in the performance and development of the Group with communication through regular internal communication on the Group's intranet, social media platforms and periodic publications. In 2021 a staff survey has been completed with action implemented around the key items identified in the survey.

Business relationships

Customer relationships and high standards of service and performance are key to maintaining and growing the Group's business. Ongoing communication occurs through the Group's website and social media platforms and employees who have regular contact with customers.

The Group's suppliers are fundamental to the business and the Board endeavours to maintain strong long term relationships which ensure the quality of products and services provided and the continuity of the supply chain.

Community and environment

The Group both promotes and encourages engagement with employees and employee involvement in community and charitable projects including respect of long term partnerships and the ad hoc support of worthy causes. The Group is committed to the environment as detailed further in the Streamlined Energy and Carbon Reporting ('SECR') in the Report of the Directors.

Standards and value

The Board recognises the importance of maintaining high standards of business conduct and operates according to a full suite of policies, including personnel, Health and Safety, environmental and maintaining the high quality of service. All employees are expected to adhere to the Group values and behaviours.

Members

The Board considers its employees, customers, suppliers, shareholders and other service providers to be its major stakeholders. The Directors of the Group and the operating companies have a responsibility to ensure good relationships are maintained with all stakeholders.

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7. Employees

On behalf of the board of directors I would like to thank the Directors and all of the Group's employees for their efforts during 2021.

8. Approval

The Board of Directors of Tolent PLC has approved the contents of this report for the year ended 31st December 2021.

BY ORDER OF THE BOARD

Paul Webster

P. W. Webster

Chief Executive Officer

28th June 2022

TOLENT PLC

Report of the directors for the year ended 31st December 2021

The Directors present their report together with the audited financial statements for the year ended 31st December 2021.

1. Results and dividends

The consolidated statement of comprehensive income is set out on page 18 and shows the result for the year. The Directors do not propose the payment of a dividend in relation to the year ended 31st December 2021.

2. Directors

The Directors in office at the end of the year were Messrs C. Anderson, P. W. Webster, A. D. Clark, O. A. J. Aebi and I. M. Lawson. Mr. M. D. Overton was appointed on 1st February 2022 and Mr. A. D. Clark resigned on 9th February 2022. Mr A. I. McLeod resigned on 19th November 2021.

The Directors at the date of this report Messrs C. Anderson, P. W. Webster, M. D. Overton, O. A. J. Aebi and I. M. Lawson.

In accordance with the articles of association, which require one third of the Directors to retire each year, but not exceeding one third, Mr. A McLeod and Mr. O. Aebi retired by rotation and offered themselves for re-election and were duly re-elected at the Annual General Meeting held on 30th June 2021.

The interests of the directors in shares of the company as at 31 December 2021 were as follows:-

	Tolent PLC ordinary 10p shares	
	31st December 2021	1st January 2021
A.D. Clark	50,508	69,848

3. Disabled persons

The Group's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

4. Employee involvement

It is Group policy to disseminate relevant information about Group affairs amongst employees which includes the Company's internal "in.sider" magazine, Tolent's internal management information system, Twitter and LinkedIn managed accounts.

5. Substantial shareholdings

On 28th June 2022 the following shareholders had interests of 5% or more in the issued ordinary shares of the Company:

	Number	Percentage
Gutenga Investments PCC Limited	41,685,240	83.65%
Tarom Foundation	3,129,253	6.28%

6. Directors' responsibilities statement

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'.

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 and profit or loss of the company for that period. 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 auditors are 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.

7. **Streamlined Energy and Carbon Reporting ('SECR')**

Tolent's SECR reporting is in accordance with UK regulations and includes emissions arising from our fleet, gas and electricity in all sites and offices of the Group's parent company and the main subsidiary Tolent Construction Limited. To calculate its emissions into equivalent tonnes of carbon dioxide (CO2e) the Government's carbon conversion factors updated in 2021 were used. We have engaged an external consultant to advise the Group in these matters.

For the year ended 31 December 2021 (with prior year comparison) the energy usage is as follows:

	2021 KwH	2020 KwH
Total energy consumption used to calculate emissions	6,588,445	8,803,369
	2021 Tonnes of CO2e	2020 Tonnes of CO2e
Emissions from natural gas (Scope 1)	227	280
Emissions from diesel (Scope 1)	271	521
Emissions from refrigerant (Scope 1)	0	105
Emissions from vehicle petrol (Scope 1)	34	38
Emissions from vehicle diesel (Scope 1)	722	618
Emissions form purchased electricity (Scope 2, location based)	236	588
Emissions form purchased electricity (Scope 2, market based)	202	459
Emissions from all Scope 3	829	920
Emissions from out of scope	38	22
Total scope 1 - 3 (LB)	2,357	3,092
Total scope 1 - 3 (MB)	2,323	2,963
Turnover	197,938,000	184,856,000
Intensity Ratio Tonnes CO2e (MB) / £m	11.74	16.03

Due to a compilation error, the 2020 consumption and emission numbers have been corrected from those previously reported.

The Group remains accredited under ISO 14001:2015 for our environmental management systems which identify and control the environmental impact of our activities, products or services, continually improve our environmental performance and implement a systematic approach to setting environmental objectives. We are also accredited under ISO 50001 for Energy Management which encourages organizations to integrate energy management into their overall efforts to improve quality and environmental management.

A project to migrate all lighting to LED across the Group has continued during the year, including where possible the use of motion activated lights to reduce energy consumption.

Due to the impact of Covid 19 a number of other planned efficiency reviews and improvement actions have been delayed, and are currently anticipated to be delivered in the near future.

8. Auditor

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the General Meeting at which these accounts are approved.

9. Approval

The board of directors of Tolent PLC has approved the contents of this report and financial statements for the year ended 31st December 2021.

BY ORDER OF THE BOARD

Mark Overton

M. D. Overton
Secretary
28th June 2022

TOLENT PLC

Independent auditor's Report to the members of Tolent Plc

Opinion

We have audited the financial statements of Tolent PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated statement of comprehensive income, Consolidated and parent company statements of financial position, Consolidated statement of changes in equity, Parent company statement of changes in equity, Consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31st December 2021 and of the group's 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 group and the parent 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Opinions 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 strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborate our enquiries through direct confirmation with those charged with governance.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, data protection, environmental, and bribery and corruption practices.
- We assessed the susceptibility of the entity's Financial Statements to material misstatement, including how fraud might occur by inquiring of management where they considered there was a susceptibility to fraud.

Audit procedures performed by the engagement team included:

- Evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
- Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
- Identifying and testing related party transactions;
- Review of board minutes from planning up until the date of signing;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
    - Knowledge of the industry in which the client operates;
    - Understanding of the legal and regulatory requirements specific to the entity.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- The entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- The applicable statutory provisions;
- The entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

Grant Thornton UK LLP

Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
28th June 2022

TOLENT PLC

Consolidated statement of comprehensive income for the period ended 31st December 2021

	Note	2021			2020		
		Continuing operations	Activities now discontinued	Total	Continuing operations	Activities now discontinued	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Group Turnover		195,503	2,435	197,938	167,833	17,023	184,856
Raw materials and consumables		(13,300)	(1,013)	(14,313)	(10,055)	(1,439)	(11,494)
Sub contract and other direct costs		(153,880)	146	(153,734)	(126,157)	(26,341)	(152,498)
		28,323	1,568	29,891	31,621	(10,757)	20,864
Other income	6	0	0	0	1,062	66	1,128
Staff costs	7	(25,992)	(912)	(26,904)	(23,550)	(1,800)	(25,350)
Depreciation	10	(163)	(1)	(164)	(183)	(2)	(185)
Amortisation	12	(280)	0	(280)	(279)	0	(279)
Other operating charges		(5,918)	(695)	(6,613)	(3,928)	(601)	(4,529)
		(4,030)	(40)	(4,070)	4,743	(13,094)	(8,351)
Loss from revaluation of investment property	11	(30)	0	(30)	(200)	0	(200)
Gain on revaluation of investment property	11	65	0	65	35	0	35
Loss from revaluation of assets held for sale		(55)	0	(55)	0	0	0
Operating (loss)/profit before interest		(4,050)	(40)	(4,090)	4,578	(13,094)	(8,516)
Interest receivable	8	8	0	8	28	0	28
Interest payable	8	(316)	0	(316)	(48)	0	(48)
(Loss)/profit before taxation	5	(4,358)	(40)	(4,398)	4,558	(13,094)	(8,536)
Taxation	9	408	(3)	405	(929)	1,154	225
(Loss)/profit after taxation		(3,950)	(43)	(3,993)	3,629	(11,940)	(8,311)
Total comprehensive (loss)/profit		(3,950)	(43)	(3,993)	3,629	(11,940)	(8,311)

Notes 1 to 29 form part of these financial statements.

TOLENT PLC

Consolidated and parent company statements of financial position as at 31st December 2021

	Note	Group 2021 £'000	Group 2020 £'000	Parent Company 2021 £'000	Parent Company 2020 £'000
Assets					
Fixed Assets					
Investments	13	0	0	8,767	9,767
Tangible assets	10	2,526	2,673	0	0
Investment properties	11	2,615	2,580	0	0
Intangible assets	12	2,003	2,251	0	0
		7,144	7,504	8,767	9,767
Current Assets					
Cash at bank and in hand	24	10,500	15,523	54	58
Inventory	14	10,924	12,927	0	0
Assets held for resale	15	2,847	2,902	0	0
Debtors	16	32,468	34,389	5,074	6,854
		56,739	65,741	5,128	6,912
Creditors: amounts falling due within one year	19	64,588	70,546	10,569	12,479
Net current liabilities		(7,849)	(4,805)	(5,441)	(5,567)
Total (liabilities)/assets less current liabilities		(705)	2,699	3,326	4,200
Creditors: amounts falling due after more than one year	20	0	0	0	0
Provision for liabilities	18	2,096	1,507	0	0
Net (liabilities)/assets		(2,801)	1,192	3,326	4,200
Equity					
Share capital	22	1,283	1,283	1,283	1,283
Capital reserve	23	0	0	528	528
Revaluation reserve	23	596	627	0	0
Other reserve	23	(256)	(256)	(256)	(256)
Profit and loss account	23	(4,424)	(462)	1,771	2,645
Total Equity		(2,801)	1,192	3,326	4,200

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £1,081,000 (2020:profit £134,000).

The financial statements were approved and authorised by the Board of Directors on 28th June 2022.

Paul Webster — P. W. WEBSTER — Chief Executive Officer

Mark Overton — M. D. OVERTON — Chief Financial Officer

Notes 1 to 29 form part of these financial statements.

Company Number 03819314

TOLENT PLC

Consolidated statement of changes in equity for the period ended 31st December 2021

	Share Capital	Other Reserve	Revaluation Reserve	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1st January 2020	1,283	(256)	658	7,818	9,503
Loss after taxation for the year	0	0	0	(8,311)	(8,311)
Reserve transfer	0	0	(31)	31	0
Total comprehensive income and expense for the year	0	0	(31)	(8,280)	(8,311)
At 31st December 2020	1,283	(256)	627	(462)	1,192
At 1st January 2021	1,283	(256)	627	(462)	1,192
Loss after taxation for the year	0	0	0	(3,993)	(3,993)
Reserve transfer	0	0	(31)	31	0
Total comprehensive income and expense for the year	0	0	(31)	(3,962)	(3,993)
At 31st December 2021	1,283	(256)	596	(4,424)	(2,801)

Notes 1 to 29 form part of these financial statements.

TOLENT PLC

Parent company statement of changes in equity for the period ended 31st December 2021

	Share Capital	Other Reserve	Capital Reserve	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1st January 2020	1,283	(256)	528	2,511	4,066
Profit after taxation for the year	0	0	0	134	134
Total comprehensive income and expense for the year	0	0	0	134	134
At 31st December 2020	1,283	(256)	528	2,645	4,200
At 1st January 2021	1,283	(256)	528	2,645	4,200
Loss after taxation for the year	0	0	0	(874)	(874)
Total comprehensive income and expense for the year	0	0	0	(874)	(874)
At 31st December 2021	1,283	(256)	528	1,771	3,326

Notes 1 to 29 form part of these financial statements.

TOLENT PLC

Consolidated statement of cash flows for the period ended 31st December 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Loss after taxation	(3,993)	(8,311)
Fair value decrease in investment properties	30	200
Valuation increase in investment properties	(65)	(35)
Fair value decrease in assets held for resale	55	15
Taxation credit recognised in comprehensive income	(405)	(225)
Finance cost	308	20
Depreciation on property, plant and equipment	164	185
Amortisation on intangible assets	280	279
Decrease/(increase) in trade and other receivables	3,590	(4,314)
(Increase)/decrease in amounts recoverable on contracts	(1,262)	614
Decrease/(increase) in inventory	2,003	(3,492)
(Decrease)/increase in trade and other payables	(8,588)	2,053
Increase in provisions	589	1,236
Cash used in operations	(7,294)	(11,775)
Finance cost paid	(316)	(48)
Tax (received)/paid	(2)	401
Net cash used in operating activities	(7,612)	(11,422)
Cash flows from investing activities		
Purchase of property, plant and equipment	(17)	(172)
Purchase of intangibles	(32)	(209)
Receipt from sale of assets held for sale	0	725
Finance income received	8	28
Net cash (used in)/generated from investing activities	(41)	372
Cash flows from financing activities		
Increase in /(repayment of) borrowings	3,286	(532)
Finance cost paid (fees and other charges capitalised)	(656)	0
Net cash generated by/(used in) financing activities	2,630	(532)
Net decrease in cash and cash equivalents	(5,023)	(11,582)
Cash and cash equivalents at beginning of period	15,523	27,105
Cash and cash equivalents at end of period	10,500	15,523

Notes 1 to 29 form part of these financial statements.

1. **Company information**

Tolent PLC ("the company") is the holding company for a group of construction and property companies involved in civil engineering and building across a variety of industrial/commercial/residential sectors and geographical regions, along with property development and rental.

The company is a public company limited by shares and is incorporated and domiciled in England. The registered office is Ravensworth House, 5th Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0HF

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 except for the modification to a fair value basis for the revaluation of long leasehold properties held within investment properties.

The group financial statements consolidate the financial statements of Tolent PLC and all its subsidiary undertakings drawn up to 31st December each year. The financial statements are presented in Sterling (£'000).

The individual accounts of Tolent PLC have also adopted the following disclosure exemptions:

- The requirement to present a statement of Cash flows and related notes

- 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

Going Concern

The financial statements have been prepared on a going concern basis. Each year management produces a year ahead detailed budget and a second year operational projection which reflects secured and probable order books, analysis of projected work between region, work sector and negotiated and tendered work, detailed overhead review, projected income statements, cash flow summaries and statements of financial position. Rolling forecasts for the remainder of the year, including secured and probable workloads are produced monthly throughout the year. These form the basis of the monthly management accounts and board pack reviewed by the board. Regular strategic meetings are held to ensure the continued success of the Group. A detailed forecast has been produced for the period to 31st December 2022 in addition to a monthly projection for the year to 31st December 2023.

The Covid 19 pandemic continues to have an impact, although to a lesser extent than in 2020, with the commercial consequences being reflected in all negotiations and tenders. The Group continues to implement Covid safe protocols across all of its sites and offices.

The initial consequences of the Brexit process, completed on 31st December 2020 were successfully managed by the company and the industry as a whole. The more significant consequences for the industry, including labour and material shortages, led to significant price inflation which has and continues to require careful planning and management.

Tolent's commercial position was strengthened in May 2021 by securing a £12m asset based lending facility, this facility was increased to £12.9m in May 2022 and the minimum period was extended by an additional 2 years. Also in May 2022 the Rights Issue was concluded which raised £3.7m in new share capital and resulted in a fresh cash injection for the Group. On 31st May 2022 Coolmore Land Ltd sold the development land at Seaham to Taylor Wimpey UK Ltd and Miller Homes Ltd, the full sale value of this asset is now available as cash for working capital purposes.

This now provides Tolent with the security of working capital needed to support the Group as it faces the commercial challenges faced due to the continued effects of Covid 19, Brexit and the current levels of high inflation, in addition to delivering on Tolent's strategic plans over the coming years.

The Directors believe that the current market conditions are generally stable with increased work opportunities being balanced to an extent by increased material cost and labour shortages. There continues to be strong demand and funding available for the Private Rented Sector, student accommodation and medical facilities, which may of course change as the economy reacts to changing circumstances. The level of enquiries remains high and tender margins remain stable. However, care is needed to avoid clients transferring undue levels of risk to the contractor and erosion of margins.

The directors consider the economic uncertainty arising as a consequence of the Covid 19 pandemic has reduced significantly now that the country has emerged from the numerous lockdowns, although the risk still exists. That said, having reviewed the most recent projections and a range of sensitives related to this uncertainty in detail, along with potential mitigating actions, the directors firmly believe that it is appropriate to prepare the financial statements on the going concern basis.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates including:

Judgements

Construction contract revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management makes significant judgements about milestones, actual work performed and the estimated costs to complete the work. For any loss making contracts, the full forecast loss is taken in the period that the loss is first identified. Further information on the Group's accounting policy for construction contracts is provided in note 4l.

Property Development

Costs of property development are allocated to the specific development site, once the total expected costs of development are established they are allocated to individual plots on a pro-rata basis based on sale price. To the extent that the costs increase or decrease as the development progresses, these are recognised across the remaining plots on the same basis unless any costs are plot specific.

Legal provision

The Group has pending action by the Health and Safety Executive in relation to an incident that occurred in January 2020. The liability for any potential consequences of the incident has been assessed by the Directors based on third party legal experts, with an appropriate provision of £463,000 made in these accounts. There is a potential the full cost of the incident may be higher than the current estimate.

Deferred tax asset

The deferred tax asset is the tax expected to be recoverable in respect of historical trading losses and on differences between the carrying amounts of assets in the financial statements and the corresponding tax bases used in the computation of taxable profit. The deferred tax assets have been recognised to the extent that it is probable that taxable profits will be available in the near future against which these losses and temporary differences can be utilised.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit and loss. The group engaged independent valuation specialists to determine their fair values at the reporting date. The valuers used recognised valuation techniques. The determined fair values of the investment properties are sensitive to the estimated yields and the occupancy rates.

Critical accounting estimates

As noted in the strategic report the southern region operations have now ceased. The results for this region have been disclosed under the heading activities now discontinued in the financial statements. The only remaining restructuring provision relates to the potential property costs to the end of the office lease in May 2023.

Management believe the 25 apartments at Echo Buildings, held within Tolent Homes Limited, can be sold at levels at least equal to that which they are currently carried in the financial statements. The apartments are let on short term tenancies. The results of Tolent Homes have been classified as activities due to cease in the financial statements as it is the group's intention to dispose of these properties.

4. Principal accounting policies

4(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

4(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

4(c) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of Tolent PLC.

4(d) Tangible assets

The Group's long leasehold properties included within property, plant and equipment are occupied by the Group's trading companies. Long leasehold properties are recognised at cost which includes purchase cost and any directly attributable expenditure.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and any borrowing costs capitalised.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land and investment properties, over their expected useful lives, using the straight-line method. The rates applicable are:

Long leasehold properties	calculated to write off the value of these properties over the shorter of the lease period or remaining useful lives.
Plant and equipment	25% - 50%

4(e) Intangible assets

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash generating units ("CGUs") that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Other intangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and any borrowing costs capitalised.

Depreciation is calculated to write down the cost less estimated residual value of all intangible fixed assets over their expected useful lives, using the straight-line method. The rates applicable are:

Software licences	10 - 15 years

4(f) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If any impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

4(g) Investment Properties

Long leasehold properties included as investment properties are held for long term return. Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. 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.

4(h) Inventory

Inventory relates to land acquired for future development and developments currently under construction which is stated at the lower of cost and net realisable value.

4(i) Cash at bank and in hand

Cash comprises cash in hand and on demand deposits.

4(j) Assets held for sale

Assets awaiting sale are held at the lower of cost and net realisable value unless the fair value can be measured reliably. The surplus or deficit on revaluation is recognised in profit and loss account.

4(k) Debtors

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

4(l) Construction Contracts

Contract turnover reflects the contract activity during the year and is measured at the fair value of consideration received or receivable. When the outcome can be assessed reliably, contract turnover and associated costs are recognised as turnover and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work remaining as a proportion of the total contract value.

Where the outcome of a long term contract cannot be estimated reliably, turnover is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Variations are only recognised as turnover when they have been agreed with the customer. Claims are not recognised until negotiations are at an advanced stage such that it is probable that the customer will accept the claim and the amount that it is probable will be accepted by the customer can be measured reliably.

In the case of a fixed price contract, the outcome of a construction contract is deemed to be estimated reliably when all the following conditions are satisfied:

- total contract turnover can be measured reliably;
- it is probable that economic benefits associated with the contract will flow to the group;
- both the contract costs to complete the contract and the stage of completion at the balance sheet date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits associated with the contract will flow to the Group, and the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

The gross amount due from customers for contract work (amounts recoverable on contracts) is presented as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The gross amount due to customers for contract work is presented as a liability for all contracts in progress for which billings exceed costs incurred plus recognised profits (less losses).

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

4(m) Property Development

Revenue is recognised in the income statement for the sale of houses when control is transferred to the customer, this is deemed to be on legal completion of the sale and the title of the property passes over to the customer. Revenue on the sale of houses is recognised at the fair value of the consideration received or receivable on completion.

4(n) 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.

4(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

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Where the Group is the lessor, assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4(p) Provisions, contingent assets and contingent liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Timing of the outflow may still be uncertain.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the Group's management.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

The Group recognises a provision for legal, insurance and other claims by customers. Anticipated reimbursements by third parties relating to these claims are disclosed within prepayments and accrued income. This asset may not exceed the amount of the related provision.

4(q) Taxation

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

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 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, except as otherwise indicated. Deferred tax assets are only recognised to the extent that is it 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.

Deferred tax is recognised when income or expenses from a subsidiary have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributable to goodwill is adjusted by the amount of deferred tax recognised.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive 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 group 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.

Deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on timing differences associated with shares in subsidiaries is not provided if reversal of these timing differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

The tax charge on underlying business performance is calculated by reference to the estimated effective rate for the full year. Tax on disposals and other exceptional items is based on the expected tax impact of each item.

4(r) Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from contracting, property development and rental income.

- in the case of contracting, see note 4l above;
- in the case of property development, see note 4m above;
- in the case of rental income, revenue relates to operating lease income which is recognised (net of any incentives given to lessees) on a straight line basis over the lease term.

4(s) Employee Benefits

The company operates a defined contribution scheme for its employees. Contributions to this scheme are recognised as an expense in the period in which they are incurred. Other short term employee benefits are also recognised as an expense in the period in which they are incurred.

4(t) Borrowing costs

The Group currently incurs borrowing costs in subsidiary companies. Those borrowing costs which are directly attributable to development contracts undertaken by the subsidiaries during the development phase are capitalised as part of the construction contract balances within the subsidiaries. Upon completion of the development contract borrowing costs are charged through the income statement. Other borrowing costs are charged directly through the income statement.

4(u) Government grants

Government grant income is recognised at the point that there is reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received. During the Coronavirus Job Retention Scheme ('CJRS') income has been received and accounted for as other income.

4(v) Employee Share Ownership Trust

The Group's Employee Share Ownership Trust ("ESOT") is a separately administered trust. The assets of the ESOT comprise shares in the company and cash. The assets, liabilities, income and costs of the ESOT have been included in the Group financial statements. The shares in the company are included at cost to the ESOT and deducted from shareholders' funds and dividend income is excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed.

4(w) Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in a general meeting prior to the balance sheet date.

4(x) Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Other reserve" represents the purchase cost of shares held within the Employee Share Ownership Trust (ESOT)
- "Profit and loss reserve" represents retained profits and losses.
- "Revaluation reserve" represents fair value adjustments in respect of properties.

4(y) Discontinued Operations

Discontinued operations are components of the business that have either been disposed of, closed down or are classified as held for sale and represent a major line of business or geographical area of operations. The profit or loss from discontinued operations is shown separately within the statement of comprehensive income. Assets and liabilities classified as held for sale are shown as a separate line on the statement of financial position.

5. (Loss)/profit before taxation

All of the Group's turnover, profits and losses originate in the United Kingdom.

A breakdown of the continuing operations turnover by activity is as follows:

	2021	2020
	£'000	£'000
Construction contracts	188,628	166,972
Property Development	6,875	861
	195,503	167,833

(Loss)/profit before taxation is stated after

	2021	2020
	£'000	£'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	31	43
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	70	68
Other employer and corporate services and services pursuant to legislation		1
Tax Services	20	24
	121	136
Depreciation	164	185
Amortisation	280	279
Operating lease charges:		
hire of plant and machinery	4,635	6,315
land and buildings	48	205
other operating leases	499	572

6. Other Income

Other income relates to claims made under the Coronavirus Job Retention Scheme implemented by the Government as part of the measures to support businesses during the Covid pandemic. A number of employees were furloughed between March 2020 and September 2020 under the scheme but no claims were made in 2021.

7. Staff costs

Group

Staff costs during the year including key management:

	2021	2020
	£'000	£'000
Wages and salaries	22,568	21,193
Social security	2,454	2,434
Pension costs	1,769	1,688
	26,791	25,315
Redundancy	113	35
	26,904	25,350

The 2020 wages and salaries are lower largely due to a 20% pay cut for 3 months during the Covid pandemic.

The Group operates a defined contribution pension scheme for all employees and directors, the assets of which are invested with insurance companies. Pension payments recognised as an expense of the Group during the year were £1,769,000 (2020 - £1,688,000).

The average number of employees of the Group during the year was 468 (2020 - 478). All of these employees are engaged in construction activities. Key management is considered to be Directors.

Remuneration in respect of key management was as follows:

	2021	2020
	£'000	£'000
Aggregate emoluments	858	786
Social security	101	97
Company pension contributions to a defined contribution scheme	41	38

The 2020 aggregate emoluments are lower largely due to a 20% pay cut for 3 months during the Covid pandemic.

During the year two directors (2020 - two directors) participated in a defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2021	2020
	£'000	£'000
Aggregate emoluments	324	241
	324	241

The 2020 aggregate emoluments are lower largely due to a 20% pay cut for 3 months during the Covid pandemic and 2021 is higher due to a payment in lieu of notice which partly relates to 2022.

Company

Remuneration in respect of three of the directors of the parent company have been incurred by a subsidiary company. The average number of employees of the parent company during the year was 6 (2020 - 6). Staff costs, relating solely to parent company Directors' remuneration are as follows:

	2021	2020
	£'000	£'000
Wages and salaries	104	97
Social security	8	8
	112	105

Notes forming part of the consolidated financial statements for the year ended 31st December 2021 (continued)

8. Net Interest

	2021	2020
	£'000	£'000
Interest receivable on bank balances	8	28
Interest payable on bank loans	(316)	(48)
	(308)	(20)

9. Taxation

The tax credit represents:

	2021	2020
	£'000	£'000
Current tax on losses for the period at 19% (2020 - 19%)	(765)	(1,493)
Adjustment in respect of prior years	1	16
Total current tax	(764)	(1,477)
Deferred taxation not recognised	403	1,356
Deferred taxation movements	(44)	(104)
Tax on loss on ordinary activities	(405)	(225)

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 19% (2020 - 19%). The differences are explained as follows:

	2021	2020
	£'000	£'000
Loss on ordinary activities before taxation:	(4,398)	(8,536)
Multiplied by standard rate of corporation tax in the United Kingdom of 19% (2020 - 19%)	(835)	(1,622)
Effects of:		
expenses not deductible for tax purposes	69	97
other income taxable	2	0
deferred tax not recognised	403	1,356
change in deferred tax rate	(44)	(104)
movement on property valuation	(1)	45
utilisation of brought forward losses	0	(13)
adjustments to tax charge in respect of prior years	1	16
Tax credit on loss on ordinary activities	(405)	(225)

The UK Government has announced the prevailing rate of Corporation Tax will increase from 19% to 25% in April 2023.

For details of unused tax losses see note 17

10. Tangible Fixed assets

Group	Long leasehold properties	Plant, equipment and vehicles	Total
	£'000	£'000	£'000
Cost			
At 1st January 2021	3,238	1,184	4,422
Additions	0	17	17
At 31st December 2021	3,238	1,201	4,439
Depreciation			
At 1st January 2021	601	1,148	1,749
Charge for year	132	32	164
At 31st December 2021	733	1,180	1,913
Net book value at 31st December 2021	2,505	21	2,526
Net book value at 31st December 2020	2,637	36	2,673

11. Investment properties

Group	Long leasehold properties
	£'000
Valuation	
At 1st January 2021	2,580
Fair value adjustment	35
At 31st December 2021	2,615

The long leasehold and investment properties were revalued in December 2021 by Naylors Gavin Black, being an independent valuer with recognised and relevant professional qualifications and with recent experience in the locations of the investment properties being valued. The valuer was not an officer or employee of the company. The basis of the valuation was in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors on an open market basis. This resulted in a downward valuation on one property of £30,000, and an upward movement of £65,000 on two further properties.

If the investment properties had not been revalued they would have been included on an historical cost basis with a net book value of £3,183,444 (2020 - £3,183,444).

12. Intangible assets

Group	Goodwill	Licensed Software	Total
	£'000	£'000	£'000
Cost			
At 1st January and 31st December 2021	2,485	549	3,034
Additions	0	32	32
At 1st January and 31st December 2021	2,485	581	3,066
Amortisation			
At 1st January 2021	(745)	(38)	(783)
Charge for year	(249)	(31)	(280)
At 31st December 2021	(994)	(69)	(1,063)
Net book value at 31st December 2021	1,491	512	2,003
Net book value at 31st December 2020	1,740	511	2,251

Goodwill amortised in the year relates to Coolmore Land Limited which was being amortised over a 10 year period representing the likely development period of the land held within that company. This asset has been sold post year end.

Company	2021	2020
At cost	£'000	£'000
At start and end of the year	11,767	11,767
Impairment		
At 1st January 2021	(2,000)	(2,000)
Impairment loss	(1,000)	0
At 31st December 2021	(3,000)	(2,000)
Net Book amount at start and end of the year	8,767	9,767

13. Investments

All group companies have only ordinary shares in issue and are registered in England and Wales.
The subsidiary undertakings are as follows:

	Activity	Proportion of shares held by Group	Proportion of shares held by Company
		%	%
Tolent Construction Limited	Building & civil engineering	100	100
Tolent Homes Limited	Property investment	100	100
Coolmore Land Limited	Property Development	100	100
Tolent Corporation Limited	Dormant	100	100
T Holdings Limited	Dormant	100	100
Ravensworth Properties Limited	Property investment	100	0
Tolent Living Limited	Residential Property Construction	100	0
Tolent Solutions Limited	Residential Property Construction	100	0

TOLENT PLC

Notes forming part of the consolidated financial statements for the year ended 31st December 2021 (continued)

14. Inventory

Inventory relates to land purchased for future development and current developments under construction. These are considered to be inventory and are stated at the lower of cost and net realisable value. The directors are of the opinion that the true value of the inventory is higher than the current £10,924,000 (2020: £12,927,000).

15. Assets held for resale

Group	2021	2020
	£'000	£'000
At 1st January 2021	2,902	2,942
Disposals	0	(725)
Fair value adjustments	(55)	(15)
Transfer from investment properties	0	700
At 31st December 2021	2,847	2,902

Assets held for resale comprise one office unit, two individual residential properties and twenty five units at Echo Buildings within Tolent Homes Limited.

16. Debtors

Group	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade receivables	12,795	18,017
Other receivables	2,158	1,044
Prepayments and accrued income	2,174	1,656
Amounts recoverable on contracts	13,805	12,543
Current Taxation	599	0
	31,531	33,260
Amounts falling due after more than one year		
Deferred taxation (note 17)	937	1,129
	937	1,129
Total debtors	32,468	34,389

The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables and retentions receivable were found to be impaired and a provision of £2,078k (2020: £105k) has been recorded accordingly. The impaired trade receivables and retentions are due from customers in the Group's construction and property operations business segments.

Company	2021	2020
	£'000	£'000
Other Debtors	179	168
Amounts owed by group undertakings	4,668	6,513
Current taxation	25	0
Deferred taxation (note 17)	202	173
	5,074	6,854

The amounts owed by group undertakings are repayable on demand with interest being charged at rates between 0% and 4%

17. Deferred taxation asset

Deferred taxation that has been provided for is deemed to be recoverbale within 2 years so is provided at 19% up to March 2023 and 25% from April 2023 to December 2023 (2020 - 19%)

Group - provided 19% and 25%	2021	2020
	£'000	£'000
At 1st January 2021	1,129	714
Credit to statement of comprehensive income	0	377
Charge to statement of comprehensive income	(138)	(219)
Rate change 19% to 25% (2020 17% to 19%)	63	84
Reallocation between current and deferred taxation	(116)	173
Prior year adjustment	(1)	0
	937	1,129
Unused tax losses - non current	937	1,129

Group - not provided 25%

Deferred taxation not provided at 25% (2020 - 19%) is set out below.

	2021	2020
	£'000	£'000
Accelerated capital allowances	(103)	(77)
Other items of revenue and expense	20	50
Unused tax losses	2,274	1,385
	2,191	1,358

Company - provided 19% and 25%	2021	2020
	£'000	£'000
At 1st January 2021	173	180
Charge to statement of comprehensive income	0	(28)
Rate change 19% to 25% (2020 17% to 19%)	29	21
	202	173
Deferred tax balances relate to temporary differences:		
Unused tax losses - non current	202	173
	202	173

Company - not provided 25%	2021	2020
	£'000	£'000
Unused tax losses	70	0
	70	0

18. Provisions

Group

	2021	2020
	£'000	£'000
Other provisions due within one year		
Brought forward at 1 January 2021	1,507	271
Additional provisions	1,042	1,476
Amount utilised/released	(453)	(240)
Carried forward at 31 December 2021	2,096	1,507

Other provisions are provided against various legal, insurance and other claims by customers. The Group anticipates to be reimbursed £1,606,000 (2020 - £1,023,000) by third parties in relation to these claims which has been included within prepayments and accrued income. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Group's position in the related disputes.

19. Creditors : Amounts falling due within one year

Group

	2021	2020
	£'000	£'000
Trade creditors	43,029	54,537
Payments received on account	12,940	10,561
Social security and other taxes	3,950	2,519
Other creditors	128	242
Accruals and deferred income	1,267	2,043
Bank and other loans (note 21)	3,274	644
	64,588	70,546

Company

	2021	2020
	£'000	£'000
Trade creditors	6	5
Other creditors	49	167
Amounts owed to group undertakings	10,514	12,307
	10,569	12,479

The amounts owed to group undertakings are repayable on demand with interest being charged at rates between 0% and 4%.

All trade and other payables are short term. The carrying values are considered to be a reasonable approximation of fair value.

20. Creditors : Amounts falling due after more than one year

Group and parent company	2021	2020
	£'000	£'000
Bank and other loans	0	0
	0	0
Aggregate amounts repayable by instalments:		
within one year	3,930	644
between one and two years	0	0
	3,930	644

The bank loan is secured over all the properties included within investment properties, long leasehold properties and assets held for resale. The amounts payable within one year are stated net of the capitalised costs attributed to securing the loan.

21. Financial instruments

The Group is primarily engaged in construction activities in the UK.

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group financial instruments are liquidity and credit risk. The board reviews and agrees policies for managing these risks which are summarised below. These policies have remained unchanged from previous years.

Liquidity and credit risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group finances its operations through a mixture of working capital and asset based facilities. The Group's principal financial assets are trade debtors and amounts recoverable on contracts. In order to manage the credit risk the Directors consider exposure on a customer by customer basis for significant contracts.

Financial Instruments measured at fair value

The Group does not have any financial instruments held at fair value. The Group holds non financial assets held at fair value being investment property which is included at valuation is detailed in note 11.

Group	2021	2020
	£'000	£'000
Financial assets and liabilities held at amortised cost		
Current assets		
Trade and other receivables (excluding prepayments and accrued income)	14,953	19,061
Cash and cash equivalents	10,500	15,523
	25,453	34,584
Non current liabilities		
Bank Loans	0	0
	0	0

Notes forming part of the consolidated financial statements for the year ended 31st December 2021 (continued)

Current liabilities		
Trade payables	43,029	54,537
Other payables	128	242
Bank loans	3,274	644
Accruals	1,267	2,043
Other financial liabilities	47,698	57,466
Net financial liabilities	(22,245)	(22,882)
Non financial assets and liabilities		
Property, plant and equipment	2,526	2,673
Investment properties	2,615	2,580
Intangible assets	2,003	2,251
Assets held for sale	2,847	2,902
Inventory	10,924	12,927
Current taxation	599	0
Prepayments and accrued income	2,174	1,656
Provisions	(2,096)	(1,507)
Amounts recoverable on contracts	13,805	12,543
Payments received on account	(12,940)	(10,561)
Social security and other taxes	(3,950)	(2,519)
Deferred taxation	937	1,129
Non financial assets	19,444	24,074
Total Equity	(2,801)	1,192

22. Share capital

Group and Company

	2021		2020	
Equity	Number of shares	£'000	Number of shares	£'000
Allotted and fully paid ordinary shares of 10p each	12,832,626	1,283	12,832,626	1,283

23. 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. The Group's profit and loss reserve is further analysed between distributable and non-distributable as follows:

	2021	2020
	£'000	£'000
Distributable profit and loss reserve	(4,842)	(880)
Non - distributable profit and loss reserve	418	418
	(4,424)	(462)

The whole of the parent company profit and loss account is distributable.

Revaluation reserve - represents the fair value changes relating to long leasehold properties held at valuation represented as other comprehensive income or expense in the consolidated statement of comprehensive income.

The Capital reserve relates to a merger reserve which arose on the issue of shares in respect of the Group's interest in the subsidiary undertakings demerged from Amco Corporation plc in 1999.

Other reserves - ESOT

The Employee Share Ownership Trust ("the Trust") was established by a Deed in February 2003 made between the Company and Gutenga Holdings Limited ("the Trustees"). The Trust was established for the benefit of the bona fide employees of the Company and other Group companies ("the Beneficiaries"). The Trust is a Discretionary Trust whose assets are cash and shares in the Company and the Trustees have full authority and power to distribute such cash and shares as they deem fit, to the Beneficiaries.

As of 31st December 2021 the Trust held 384,340 (2020 - 365,000) ordinary shares of 10p each in the capital of the Company (3% of the allotted share capital).The market value of the shares in the ESOT at 31st December 2021 based on the latest Matched Bargain trade was £78,000 (2020 - £74,000).

24. Analysis of changes in net debt

Group

	2021	2020
	£'000	£'000
Cash at bank and in hand	10,500	15,523
Bank and other loans due within one year	(3,930)	(644)
	6,570	14,879
Bank and other loans due after more than one year	0	0
	6,570	14,879

	At 1st January 2021	Cashflow 2021	At 31st December
	£'000	£'000	£'000
Cash at bank and in hand	15,523	(5,023)	10,500
Property loan	(644)	(3,286)	(3,930)
	14,879	(8,309)	6,570

Company

	2021	2020
	£'000	£'000
Cash at bank and in hand	54	58
	54	58

	At 1st January 2021	Cashflow 2021	At 31st December
	£'000	£'000	£'000
Cash at bank and in hand	58	(4)	54
	58	(4)	54

25. Operating lease obligations

Group

Total commitments to operating lease payments are as follows:

	Land & buildings	Other
	£'000	£'000
In respect of leases expiring:	2021	
within one year	104	442
between one and five years	41	338
	144	781
	2020	
within one year	98	338
between one and five years	138	215
	236	553

26. Contingent liabilities

Company

The company is party to cross guarantees for the bank borrowings of Ravensworth Properties Limited, Tolent Corporation Limited, Tolent Construction Limited, Tolent Homes Limited, T. Holdings Limited, Tolent Living Limited and Tolent Solutions Limited.

At 31 December 2021 this amounted to £3,929,825 (2020 - £nil).

The Company provides guarantees to subsidiary companies in the normal course of business to guarantee the contractual obligations of subsidiary companies. The Directors have determined that no specific provision is required for these guarantees.

Group

The Group has pending action by the Health and Safety Executive in relation to an incident that occurred in January 2020. The liability for any potential consequences of the incident has been assessed by the Directors based on third party legal advice, with an appropriate provision of £463,000 made in these accounts. The matter is unlikely to be concluded until the second half of 2022 at the earliest. There is a potential the full cost of the incident may be higher than the current estimate.

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Company has a common director with Billington Holdings PLC, Mr. I. M. Lawson. No trade occurred between the Company or the Group and Billington Holdings PLC and there were no payables/receivables at 31st December 2021.

At 31st December 2021 an amount of £165,000, which includes accrued interest of £5,000 is included within the company's other debtors relating to advances made Gutenga Investments PCC Limited, a substantial shareholder in Tolent PLC.

28. Discontinued Activities

The 25 apartments at Echo Buildings held within Tolent Homes Limited, with a carrying value of £1,992,000, are disclosed within assets held for resale following the Directors' decision to dispose of the property. The results of this activity are disclosed as discontinued activities.

The decision to close the southern business unit was made in November 2019 with the closure being completed during 2021. The results of the southern business unit have been disclosed as discontinued activities.

29. Events after the balance sheet date

On 18th May 2022 37,000,000 new shares in Tolent plc were issued under a Rights Issue, raising £3,700,000 of share capital which was paid in full. The Rights Issue was offered to all current shareholders but was underwritten by the major shareholder Gutenga Investments PCC Ltd, who now own 83.65% of the revised share capital. 3 directors of Tolent plc have subscribed to and been allotted shares under this issue.

On 20th May 2022 Tolent signed a Deed of Amendment to its £12m asset based finance facility. This amendment increased the total facility from £12m to £12.9m and added an additional 2 years onto the minimum period, ensuring this facility remains in place until May 2025 at the earliest. This facility gives Tolent the security over its working capital requirements for the foreseeable future.

On 31st May 2022, Coolmore Land Ltd sold the development it owned at Seaham to Taylor Wimpey UK Ltd and Miller Homes Ltd. This was a 200 acre site adjacent to the A19 in Seaham, North East England, the site had achieved outline planning permission for the construction of 1,500 residential units along with the provision of other facilities to create a Garden Village. The funds from this sale are now fully available to Tolent to support its working capital requirements.