

**TOLENT CONSTRUCTION LIMITED**

**Report and Financial Statements  
For the year ended  
31st December 2006**

# **TOLENT CONSTRUCTION LIMITED**

Annual report and financial statements for the year ended 31st December 2006

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# **TOLENT CONSTRUCTION LIMITED**

Directors, Secretary and Registered Office

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## Directors

J.G. Wood	Chairman
T. Phillipson	Operations Director
A.D. Clark	Financial Director

## Secretary

A.D. Clark

## Registered Office

Amco House  
Cedar Court Office Park  
Denby Dale Road  
Wakefield  
West Yorkshire  
WF4 3QZ

Registered in England : Company Number - 2450574

# **TOLENT CONSTRUCTION LIMITED**

Report of the directors for the year ended 31st December 2006

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The directors present their report together with the audited financial statements for the year ended 31st December 2006.

## **1. Principal activities and business review**

The company is principally engaged in building and construction activities.

2006 has seen a significant increase in turnover maintaining the upward trend of recent years. The increased size and profile of Tolent has allowed the company to negotiate and competitively tender larger projects as well as maintaining our traditional core of activities.

We continue to operate from five regional offices on a national basis and we are pleased to report an improving market in the Leeds and Manchester areas and a favourable outlook for the North East region.

As in previous years we have successfully completed several major projects. The variety of work carried out can best be demonstrated by projects completed during the year:

- distribution complexes at Thorne (750,000sq.ft £20.6m) and Wynyard (11sq ft £9m) for Helioslough.
- residential schemes in Sheffield for Amco Developments £5.7m and at Curzon Place, Newcastle for Adamson Developments £9.2m
- a £20m redevelopment of The Roundhouse entertainment venue in London, and
- industrial units for Shepborough at Agecroft totalling £7.5m.

Although the industry is buoyant it remains very competitive; we enter the year however with a healthy order book and several major schemes at a very advanced stage of negotiation. However, continued inflationary pressures across all areas of costs have reduced the operating margins slightly.

The directors considered the result for the year to be satisfactory. The directors look forward to continued profitability in 2007.

## **2. Results and dividends**

The profit and loss account is set out on page 7 and shows the profit for the year.

Total turnover increased by 19.7% in 2006 from £141m in 2005 to £169m. This represents a record turnover for the company and reflects the currently buoyant construction market particularly in Central and Northern England.

Total operating profits in 2006 increased to £4.0m, an increase of 13.6% from £3.5m in 2005. Operating margins have continued to be tight marginally reducing from 2.5% in 2005 to 2.4% in 2006.

Net interest received improved from £0.7m in 2005 to £1.0m in 2006 as a result of bank balances remaining high during the year. The improvement also reflects the fact that interest rates increased from 4.5% to 5% during the year and more favourable terms have been agreed with the group's banks relating to overnight and longer term deposits. Tolent are in a good position to benefit from any further rise in interest rates.

The profit before tax increased by £0.8m in the year to £5m, an increase of 18.8% from the £4.2m profit in 2005.

Interim dividends of £1,000,000 and £1,000,000 were paid on 5th May 2006 and 16th August 2006 respectively. The directors do not recommend the payment of a final dividend. The retained profit has been transferred to profit and loss account reserves.

# **TOLENT CONSTRUCTION LIMITED**

Report of the directors for the year ended 31st December 2006 (continued)

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## **3. Business environment and strategy**

Tolent operates across the construction sector providing services in building, civil engineering and property development. 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 a service in a non-adversarial customer friendly manner.

Our success has been brought about by the quality of the people involved in our business together with sub-contractors and suppliers who share our ethos of providing a pro-active and responsive service that meets our customer's demands. This policy has resulted in consistent repeat business on an ever expanding customer base.

Our strategy is to continue to grow organically, but at the same time make selective acquisitions should a suitable opportunity arise.

Our belief that people are our most precious asset is supported by our commitment to training and personal development. This will ensure that our long-term objectives can be delivered to customers on a consistent basis.

## **4. Principal risks and uncertainties**

### *Inflationary pressures and skills shortages*

Inflationary pressures are currently being experienced across all categories of costs. An element of this pressure is created by the shortage of skilled workers which is likely to continue, particularly when the construction for the London Olympics starts in earnest. This is being addressed by the recruitment of trainees and the commitment to training and personal development noted above.

### *Competition*

Margins in the general contracting industry remain low with companies continuing to tender and negotiate contracts at very low margins. The actions of these firms create a market where it is very difficult to improve margins in a time when developers and clients are passing greater risks onto the contractor.

## **5. Health and Safety**

A programme of continuous improvement in Health and Safety management and staff training has resulted in an excellent safety record. This has been recognised by annual Gold Awards from the Royal Society for the Prevention of Accidents (RoSPA). The accident frequency rate of 0.092 per 100,000 hours for 2006 improved on 0.103 per 100,000 hours achieved in 2005. This rate compares favourably with the national average for the construction industry according to the Health and Safety Executive statistics of 2.5 per 100,000 hours. We have established an accredited in house training centre at Gateshead which provides courses for our employees, sub contractors and also provides training for third parties. In 2006 over 4000 'off job' hours of health and safety training has been delivered to Tolent employees with a total of 796 site visits and audits being completed.

## **6. Directors**

The directors in office at the end of the year were Messrs. J.G. Wood, T. Phillipson and A.D. Clark all of whom served throughout the year.

Messrs. J.G. Wood and A.D.Clark are also directors of the ultimate parent company and their interests in the shares of the ultimate parent company are disclosed in that company's financial statements. No other director in office at the end of the year had an interest in shares of the ultimate parent company.

# **TOLENT CONSTRUCTION LIMITED**

Report of the directors for the year ended 31st December 2006 (continued)

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## **7. Disabled persons**

The company'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.

## **8. Employee involvement**

Information is made available to employees at the discretion of the directors.

## **9. Payment policy**

The company's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditors at the year end amount to 77 days (2005 - 78 days) of average supplies for the year.

## **10. Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss for that year. In preparing the financial statements the directors are required to select suitable accounting policies and apply them consistently, to make judgments and estimates that are reasonable and prudent, to state whether applicable accounting standards have been followed, subject to any material departure 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 also responsible for keeping proper accounting records that 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 1985. They are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and hence for preventing and detecting fraud and other irregularities. In so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The maintenance and integrity of the [tolent.co.uk](http://tolent.co.uk) website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **11. Financial risk management objectives and policies**

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

## **TOLENT CONSTRUCTION LIMITED**

Report of the directors for the year ended 31st December 2006 (continued)

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### *Interest rate risk*

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of both fixed and floating facilities.

### *Liquidity risk*

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts or through loans arranged at Group level. Short term flexibility is achieved by overdraft facilities.

### *Credit risk*

The company'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.

## **12. Auditors**

Grant Thornton UK LLP, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

### **BY ORDER OF THE BOARD**

A.D. Clark  
Secretary  
6th March 2007

# **TOLENT CONSTRUCTION LIMITED**

Report of the independent auditors

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To the members of TOLENT CONSTRUCTION LIMITED

We have audited the financial statements of Tolent Construction Limited for the year ended 31st December 2006 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31st December 2006 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985: and
- the information given in the directors' report is consistent with the financial statements.

GRANT THORNTON UK LLP

Registered Auditors

Chartered Accountants

Leicester

6th March 2007

## TOLENT CONSTRUCTION LIMITED

Profit and loss account for the year ended 31st December 2006

	Note	2006		2005	
		£	£	£	£
Turnover	1		168,856,474		141,117,362
Raw materials and consumables		10,452,037		9,253,908	
Other external charges		<u>130,998,653</u>		<u>105,804,393</u>	
			<u>(141,450,690)</u>		<u>(115,058,301)</u>
			27,405,784		26,059,061
Staff costs	2	19,997,163		18,952,997	
Depreciation		153,261		124,343	
Other operating charges		<u>3,277,424</u>		<u>3,478,865</u>	
			<u>(23,427,848)</u>		<u>(22,556,205)</u>
Operating profit			3,977,936		3,502,856
Net interest	3		<u>1,009,572</u>		<u>696,675</u>
<b>Profit on ordinary activities before taxation</b>	1		4,987,508		4,199,531
Tax on profit on ordinary activities	4		<u>(1,612,894)</u>		<u>(1,326,213)</u>
<b>Profit on ordinary activities after taxation</b>	11		<u><u>3,374,614</u></u>		<u><u>2,873,318</u></u>

All the above transactions relate to continuing activities.

There are no recognised gains or losses other than the profit for the financial year.

The statement of accounting policies and notes 1 to 16 form part of these financial statements.

# TOLENT CONSTRUCTION LIMITED

Balance sheet as at 31st December 2006

	Note	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	7		210,248		183,354
Current assets					
Amounts recoverable on contracts		8,665,233		8,080,220	
Debtors	8	<u>29,023,427</u>		<u>28,146,579</u>	
		37,688,660		36,226,799	
Cash at bank including short term deposits		<u>17,698,415</u>		<u>11,125,473</u>	
		55,387,075		47,352,272	
Creditors: amounts falling due within one year	9	<u>(45,878,593)</u>		<u>(39,191,510)</u>	
Net current assets			<u>9,508,482</u>		<u>8,160,762</u>
			<u>9,718,730</u>		<u>8,344,116</u>
Capital and reserves					
Called up share capital	10		800,000		800,000
Profit and loss account	11		<u>8,918,730</u>		<u>7,544,116</u>
Shareholders' funds	12		<u>9,718,730</u>		<u>8,344,116</u>

The financial statements were approved by the Board of Directors on 6th March 2007.

J.G. WOOD Chairman

A.D. CLARK Financial Director

The statement of accounting policies and notes 1 to 16 form part of these financial statements.

## **TOLENT CONSTRUCTION LIMITED**

### Statement of accounting policies

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The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, upto and including FRS 25 - Financial Instruments: Disclosure and Presentation, and under the historical cost convention.

The company, as a wholly owned subsidiary, is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the Group headed by Tolent PLC.

No statement of cashflows has been presented as the cashflows of the company have been incorporated into the group financial statements.

The principal accounting policies of the company have remained unchanged from the previous year.

#### **(a) Turnover**

Turnover represents the total amount receivable in respect of work done, including certified amounts recoverable on contracts and excludes value added tax.

#### **(b) Depreciation**

Depreciation is calculated to write off the cost of fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Plant and equipment	25% to 50%
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#### **(c) Stock and work in progress**

Stocks of building land are valued at the lower of cost and net realisable value.

The company's contracting activities are regarded as having the attributes of long term contracts and are treated as follows :

- the amount by which recorded turnover is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed within current assets.
- the balance of payments on account in excess of amounts (a) matched with turnover and (b) offset against long term contract balances are classified as payments on account and separately disclosed within creditors.

- profits on contracts are taken at the point at which practical completion has taken place which is when the outcome of the company's contracts can be ascertained with reasonable certainty. Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

- the amount of long term contracts at cost incurred net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover are classified as long term contract balances and separately disclosed within stocks. This presentation is in accordance with the provisions of Statement of Standard Accounting Practice No. 9 (revised).

#### **(d) Deferred tax**

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 balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

## **TOLENT CONSTRUCTION LIMITED**

Statement of accounting policies (continued)

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**(e) Retirement Benefits**

Defined Contribution Schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

**(f) Leased assets**

Rental payments for assets obtained under operating leases are charged against income on a straight line basis over the lease term.

**(g) Joint arrangements**

Interests in joint arrangements are accounted for by recognising the Company's share of assets and liabilities, profits, losses and cash flows, measured according to the terms of the agreement.

**(h) Joint ventures**

Interests in joint ventures are accounted for using the equity method of accounting supplemented by additional disclosures for joint ventures. The balance sheet shows the investment in joint ventures at cost less amounts written off.

# **TOLENT CONSTRUCTION LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2006

## **1. Turnover and profit on ordinary activities before taxation**

All the company's turnover and profits are derived from its principal activity of building and construction, and its turnover is all from the United Kingdom.

Profit on ordinary activities is stated after:

	<u>2006</u>	<u>2005</u>
	£	£
Auditors' remuneration		
Fees for the audit of the company	29,000	31,750
Tax Services	16,150	8,250
Depreciation	153,261	124,343
Operating lease charges:		
hire of plant and machinery	4,094,455	4,188,508
other operating leases	<u>962,485</u>	<u>832,810</u>

## **2. Directors and employees**

Staff costs during the year including directors:

	<u>2006</u>	<u>2005</u>
	£	£
Wages and salaries	17,920,472	16,777,264
Social security	1,777,482	1,690,361
Pension costs	<u>299,209</u>	<u>485,372</u>
	<u>19,997,163</u>	<u>18,952,997</u>

The average number of employees of the company during the year was 536 (2005 - 539).

Remuneration in respect of directors was as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Aggregate emoluments	851,551	591,366
Company pension contributions to a defined contribution scheme	<u>11,830</u>	<u>219,991</u>

During the year three directors (2005 - three directors) participated in a defined contribution pension scheme.

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

	<u>2006</u>	<u>2005</u>
	£	£
Aggregate emoluments	478,662	247,925
Company pension contributions to a defined contribution scheme	<u>2,888</u>	<u>211,412</u>

## **TOLENT CONSTRUCTION LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2006 (continued)

### **3. Net interest**

	<u>2006</u>	<u>2005</u>
	£	£
Receivable on bank balances	628,781	367,458
Other interest receivable	<u>380,791</u>	<u>329,217</u>
	<u><u>1,009,572</u></u>	<u><u>696,675</u></u>

### **4. Tax on profit on ordinary activities**

The tax charge represents:

	<u>2006</u>	<u>2005</u>
	£	£
Corporation tax at 30% (2005 - 30%)	1,612,894	1,326,213
Adjustment in respect of prior years	<u>0</u>	<u>0</u>
Tax on profit on ordinary activities	<u><u>1,612,894</u></u>	<u><u>1,326,213</u></u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2005 - 30%). The differences are explained as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Profit on ordinary activities before tax	<u><u>4,987,508</u></u>	<u><u>4,199,531</u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005 - 30%)	1,496,252	1,259,859
Effects of:		
expenses not deductible for tax purposes	107,097	59,613
depreciation in excess of capital allowances	9,545	6,741
adjustments to tax charge in respect of prior years	<u>0</u>	<u>0</u>
Current tax charge for year	<u><u>1,612,894</u></u>	<u><u>1,326,213</u></u>

### **5. Dividend**

	<u>2006</u>	<u>2005</u>
	£	£
First interim dividend of 125p (2005 - 62.5p) per share	1,000,000	500,000
Second interim dividend of 125p (2005 - 125p) per share	<u>1,000,000</u>	<u>1,000,000</u>
	<u><u>2,000,000</u></u>	<u><u>1,500,000</u></u>

## **TOLENT CONSTRUCTION LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2006 (continued)

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### **6. Joint arrangements and joint ventures**

The company has/had the following joint arrangements operating in England :

Interior Tolent Limited	Company's participation is 35% in a joint arrangement with Interior plc.
Tolent Balfour Kilpatrick	Company's participation is 50% in a joint arrangement with Balfour Kilpatrick Limited. The joint arrangement ceased to trade on 29 March 2006

The company has the following joint venture operating in England:

Echo Buildings Limited	Company's participation is 50% of the ordinary shares in a joint venture with Glenrose (Hebburn) Limited.
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### **7. Tangible fixed assets**

	<u>Plant and equipment</u>
	£
Cost	
At 1st January 2006	744,876
Additions	180,155
Disposals	<u>(13,927)</u>
At 31st December 2006	<u><u>911,104</u></u>
Depreciation	
At 1st January 2006	561,522
Charge for year	153,261
Disposals	<u>(13,927)</u>
At 31st December 2006	<u><u>700,856</u></u>
Net book value at 31st December 2006	<u><u>210,248</u></u>
Net book value at 31st December 2005	<u><u>183,354</u></u>

## **TOLENT CONSTRUCTION LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2006 (continued)

### **8. Debtors**

	<u>2006</u>	<u>2005</u>
	£	£
Amounts falling due within one year		
Trade debtors	13,215,229	12,694,048
Amounts owed by group undertakings	9,145,696	7,637,849
Amounts owed by joint ventures	4,769,140	6,173,540
Other debtors	1,125,319	1,114,993
Prepayments and accrued income	768,043	151,149
	<u>29,023,427</u>	<u>27,771,579</u>
Amounts falling due after more than one year		
Other debtors	<u>0</u>	<u>375,000</u>
	<u><u>29,023,427</u></u>	<u><u>28,146,579</u></u>

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

	<u>2006</u>	<u>2005</u>
	£	£
Payment on account of long term contracts	7,274,990	6,643,171
Trade creditors	36,008,751	29,756,088
Amounts owed to group undertakings	0	268,725
Social security and other taxes	717,397	623,766
Other creditors	506,346	383,616
Accruals and deferred income	486,922	836,130
Current taxation	884,187	680,014
	<u>45,878,593</u>	<u>39,191,510</u>

### **10. Called up share capital**

	<u>2006</u>	<u>2005</u>
	£	£
Authorised, ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>

### **11. Profit and loss account**

	<u>2006</u>	<u>2005</u>
	£	£
At 1st January 2006	7,544,116	6,170,798
Profit for year	3,374,614	2,873,318
Dividend	<u>(2,000,000)</u>	<u>(1,500,000)</u>
At 31st December 2006	<u>8,918,730</u>	<u>7,544,116</u>

## **TOLENT CONSTRUCTION LIMITED**

Notes forming part of the financial statements for the year ended 31st December 2006 (continued)

### **12. Reconciliation of movements in shareholders' funds**

	<u>2006</u>	<u>2005</u>
	£	£
Profit for year	3,374,614	2,873,318
Dividend	<u>(2,000,000)</u>	<u>(1,500,000)</u>
Net increase in shareholders' funds	1,374,614	1,373,318
Shareholders' funds at 1st January 2006	<u>8,344,116</u>	<u>6,970,798</u>
Shareholders' funds at 31st December 2006	<u><u>9,718,730</u></u>	<u><u>8,344,116</u></u>

### **13. Operating lease obligations**

	<u>2006</u>		<u>2005</u>	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring				
within one year	17,767	66,775	112,958	61,865
between one and five years	87,108	400,855	87,108	361,018
in more than five years	<u>280,551</u>	<u>0</u>	<u>144,599</u>	<u>0</u>
	<u><u>385,426</u></u>	<u><u>467,630</u></u>	<u><u>344,665</u></u>	<u><u>422,883</u></u>

### **14. Contingent liabilities**

The company is party to cross guarantees for the bank borrowings of Tolent PLC, Tolent Corporation Limited, Tolent Homes Limited and Ravensworth Properties Limited.

At 31 December 2006 this amounted to £nil (2005 - £nil).

### **15. Pension commitments**

Eligible employees are entitled to become members of the Group's money purchase pension scheme. This is a defined contribution scheme, the assets of which are invested with insurance companies.

The pension cost charge represents contributions payable by the company to the fund and amounted to £299,209 (2005 - £485,372).

### **16. Ultimate parent undertaking**

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