TOLENT PLC

Report and Financial Statements

For the year ended

31st December 2017

TOLENT PLC

Annual report and financial statements for the year ended 31st December 2017

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Directors, Secretary and Registered Office

Directors

P.K. Hems	Non Executive Chairman	
A.I. McLeod	Chief Executive Officer	Appointed 13th March 2018
P.W. Webster	Chief Operating Officer	Appointed 13th March 2018
J.G. Wood	Director	
T. Phillipson	Director	
A.D. Clark	Financial Director	
A.W. Ospelt	Non Executive Director	
O.A.J. Aebi	Non Executive Director	

Secretary

A.D. Clark

Registered Office

Ravensworth House
5th Avenue Business Park
Tyne and Wear
Team Valley
Gateshead
NE11 0HF
e-mail: info@tolent.co.uk
Web site: www.tolent.co.uk

Registrar

Link Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Auditor

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
2 Broadfield Court
Sheffield
S8 0XF

Registered in England : Company Number - 03819314

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 used 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

Turnover in the current year increased to £178m from £173m in 2016, an increase of 3%. The property and construction sectors of the economy continued to be stable over the course of the year. The final consequences of the Brexit decision are as yet uncertain, as a "hard" or "soft" exit has yet to be decided upon by the Government. As a result of this developers and contractors are being more selective in work taken on in terms of design information requirements, project timescales, overall risk and margin.

Operating margins, excluding exceptional stock provisions and investment property revaluations, have improved in 2017 to £4.5m from £4.2m in 2016. An exceptional stock provision of £2.4m was made in 2016 against the residential development, held within Tolent Homes, based on the potential shortfall in recoverability of the property value in the regionally depressed market. These were reclassified at December 2016 as investment properties. During 2017 a further revaluation provision of £710,000 has been made against this property.

The overall loss on revaluation of investment properties, excluding the residential development noted above was £48,000 (2016 loss £41,000).

The operating profit, after exceptional stock provision but before discontinued activities of £3,703,000 in 2017 compared to a profit of £1,706,000 in 2016.

Net interest payable reduced from £58,000 to £23,000. The profit before tax of £3,680,000 compared to £1,083,000 in 2016.

The tax charge in the year of £763,000 is slightly higher than the underlying tax rate of 19.25% at an effective rate of 20.7% due to a small number of timing differences.

The total comprehensive profit after tax of £2,870,000 compared with a profit of £720,000 in 2016.

At the year end the Group had cash funds in hand of £18.4m compared with £23.7m at the end of 2016. 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 £2.2m (2016: £3.1m) relating to investment properties and stock. Coolmore Land Limited was purchased in December 2017 for an initial £500,000 cash consideration and the injection of £4m to refinance the existing Coolmore Land loans.

I am pleased to report that the Directors were in a position to pay an interim dividend of 2 pence per share in December 2017 (2016 – nil) and are intending to include a proposal for a final dividend on the Agenda for the AGM which will be issued in May.

The Directors consider the current level of enquiries and tenders to be encouraging, with the potential to select and negotiate more profitable contracts. We went into 2018 with an encouraging order book of £94m.

Construction activities

Tolent Construction Limited

In 2017 Tolent continued to operate across the construction sector providing services in commercial building, civil engineering, social and domestic housing and property development and concentrating on its areas of strength and targeted markets which offered future opportunities. 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 established 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 our customers' demands. This policy has resulted in consistent repeat business on an ever expanding customer base. Our belief that people are our most precious 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 embodied in Tolent Construction Limited being ISO:9001- Quality Management System, accredited.

We operate from five offices on a national basis with work generated across a number of different sectors including industrial, commercial, residential, petro-chemical, specialist fit out, civil, public and health sectors. This affords some protection against any down turn in activity in certain markets with the regional basis giving some protection against regional variations. 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:

- Student accommodation scheme in Liverpool (£14.7m)
- Medical facility at Acklam for WW Medical (£10.4m)
- Work at the Arnison Retail Park (£4.8m)
- Hotels for Travelodge in London (£25.8m) and York (£7.6m)
- Residential schemes in London at Stamford Hill (£18.4m) and Long Lane (£24.8m)
- A hotel for Apex in Bath (£28.8m)
- Civils work at an energy plant in Teesside (£4.1m)
- Residential scheme for Abbeyfields at Silksworth (£9m)
- Waste transfers stations in Mansfield (£2.9m) and Hull (£1.4m) and
- Sports and teaching facilities at The Beacon of Light in Sunderland (£16.6m)

Tolent Living Limited and Tolent Solutions Limited

The 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 councils and private residential developers. The projects undertaken during the year include:

- 120 units for Chapter Homes at Agnew (£15m)
- completion of 17 dwellings at The Malings for Carillion-Igloo (£1.6m)
- 73 units at Haughton Road for Karbon Homes (£8m)
- Gable and roofing works for Gentoo Group, Sunderland (£7.4m)
- Various residential Schemes for Spirit Regeneration (£2.9m)
- Modification work for Bernicia (£3.1m)
- 82 units at North Shore Phase 3, Stockton (£10.6m)
- 5 units at Whitburn (£2.3m)
- Framework contract for Modifications for York Council (£2m)

The residential market is expected to improve over the coming years with housing continually prioritised by successive Governments.

Quality Assurance and 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 Order Of Distinction Awards from the Royal Society for the Prevention of Accidents (RoSPA). The Accident Frequency Rate (AFR) was 0.034 per 100,000 hours for 2017 (2016 - 0.069) with the Accident Incident Rate (AIR) being 74.01 (2016 - 148) per 100,000 hours. These rates compare favourably with the national averages according to the Health and Safety Executive statistics of 405.06 per 100,000 hours (AIR).

In 2017 5,932 (2016 - 5,776) ‘off job’ hours of health and safety training has been delivered with a total of approximately 495 (2016 - 547) site visits and audits being completed in addition to 26 Company Environmental Audits, 27 Asbestos Audits, 19 third party audits, 7 site visits from HSE Inspectors and 2 third party environmental audits.

We have maintained accreditation OHSAS 18001 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. In addition we have also maintained accreditation ISO 14001 for our environmental management system 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.

Property development and investment activities

Ravensworth Properties Limited

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

Interest rate fluctuations have an impact in terms of interest payments on the capital expenditure incurred and also on the market place relating to lessees moving into new offices or to remaining in their existing space.

Tolent Living Limited and Tolent Solutions Limited occupy one office owned by Ravensworth and the continued success of these companies has a direct bearing on the results of Ravensworth. The directors considered the result for the year to be satisfactory.

On 10th February 2017 four units were sold to Tolent Construction Limited at book value. Two of these units are occupied by Tolent Construction's regional and head office. A further unit was profitably disposed of on 27th November 2017.

No new properties were acquired during 2017. The space available to let in the year was 56,050 sq. ft. The occupancy rate for 2017 was 87% compared with 84% in 2016 following a secured letting during the year.

Following the transfer and disposal of the units noted above, one unit (2 lettable areas) on the Team Valley Industrial Estate are vacant. The properties are actively marketed and there continues to be interest in their letting.

The company has funding against four of the properties in the form of a 3 year term loan, until February 2019, with interest and capital repayments.

Tolent Homes Limited

We have 45 apartments in the Echo Buildings in Sunderland. The units are available for rental and we are pleased to report that a relatively high level of occupancy has been achieved throughout 2017. However, due to the current depressed local housing market a downwards valuation movement of £710,000 has been incurred in the year.

3. Key Performance Indicators

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

4. Risks and uncertainties

Construction Risks

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 and this 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 are ever present in the current market place which needs to be managed in the tender and procurement process as well as in the production phase of the contract.

Property Risks

The property market, as shown over the last decade can be very volatile in terms of market values, rental incomes and occupancy rates. Risk analysis has now been built into project appraisals, including sensitivity analysis around rental streams, interest rates and yield factors. We have yet to determine the affects of the increasing interest rates on both the commercial and residential markets, although the measured manner in which the increases have been promised should hopefully reduce this impact.

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 raise finance for the Group's operations. The main risks arising from the Group financial instruments are interest rate risk and liquidity 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.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis.

Liquidity risk

The Group 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 loans arranged at Group level.

Credit risk

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. 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 2017.

7. Approval

The board of directors of Tolent PLC has approved the contents of this report for the year ended 31st December 2017.

BY ORDER OF THE BOARD

Peter Hems

Non Executive Chairman

21st March 2018

The directors present their report together with the audited financial statements for the year ended 31st December 2017.

1. Results and dividends

The consolidated statement of comprehensive income is set out on page 10 and shows the result for the year. A dividend of 2 pence per share was paid during the year.

2. Directors

The directors in office at the end of the year were Messrs' P.K. Hems, J.G. Wood, T. Phillipson, A.D. Clark, A.W. Ospelt and O.A.J. Aebi, all of whom served throughout the year.

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. W. Ospelt and Mr. O. A. J. Aebi retire by rotation and offer themselves for re-election.

In addition Messrs' A.I. McLeod and P.W. Webster offer themselves for re-election having been appointed since the last AGM on 6th June 2017.

The interests of the directors in shares of the company were as follows:-

	Tolent PLC ordinary 10p shares	
	31st December 2017	1st January 2017
P.K. Hems	10,000	10,000
J.G. Wood	65,570	65,570
A.D. Clark	37,508	21,568
T. Phillipson	15,570	15,570

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.

5. Substantial shareholdings

On 21st March 2018 the following shareholders had interests of 5% or more in the issued ordinary shares of the Company:

	Number	Percentage
Gutenga Investments PCC Limited	6,411,318	49.96%
Tarom Foundation	3,129,253	24.39%

6. Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Report of the directors and the Group financial statements in accordance with applicable law and regulations.

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. Auditors

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 Annual General Meeting.

8. Approval

The board of directors of Tolent PLC has approved the contents of this report and financial statements for the year ended 31st December 2017.

BY ORDER OF THE BOARD

A.D. Clark
Secretary
21st March 2018

We have audited the financial statements of Tolent PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise Consolidated statement of comprehensive income, Consolidated and parent company statement 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 2017 and of the group's profit 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.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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 set out on page 6, 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.

Donna Steel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
21st March 2018

Consolidated statement of comprehensive income for the period ended 31st December 2017

	Note	2017			2016		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Group Revenue		178,413	0	178,413	173,201	0	173,201
Raw materials and consumables		(10,655)	0	(10,655)	(10,876)	0	(10,876)
Sub contract and other direct costs		(138,150)	0	(138,150)	(132,179)	0	(132,179)
Exceptional stock provision		0	0	0	(2,427)	0	(2,427)
		29,608	0	29,608	27,719	0	27,719
Staff costs	6	(22,024)	0	(22,024)	(22,295)	0	(22,295)
Depreciation	10	(230)	0	(230)	(206)	0	(206)
Other operating charges		(2,893)	0	(2,893)	(3,471)	(565)	(4,036)
		4,461	0	4,461	1,747	(565)	1,182
Loss from revaluation of investment property	11	(758)	0	(758)	(41)	0	(41)
Operating Profit before interest		3,703	0	3,703	1,706	(565)	1,141
Interest Receivable	7	66	0	66	48	0	48
Interest payable	7	(89)	0	(89)	(106)	0	(106)
Profit before taxation	5	3,680	0	3,680	1,648	(565)	1,083
Taxation	8	(763)	0	(763)	(523)	113	(410)
Profit after taxation		2,917	0	2,917	1,125	(452)	673
Other comprehensive income:							
Leasehold properties fair value movement		(47)	0	(47)	47	0	47
Other comprehensive (loss)/income, net of tax		(47)	0	(47)	47	0	47
Total comprehensive profit for the year		2,870	0	2,870	1,172	(452)	720

Notes 1 to 28 form part of these financial statements.

TOLENT PLC

Consolidated and parent company statement of financial position as at 31st December 2017

	Note	Group 2017 £'000	Group 2016 £'000	Parent Company 2017 £'000	Parent Company 2016 £'000
Assets					
Fixed Assets					
Investments	13	0	0	9,767	7,747
Tangible assets	10	2,740	2,968	0	0
Investment properties	11	8,505	9,883	0	0
Intangible assets	12	2,485	0	0	0
		13,730	12,851	9,767	7,747
Current Assets					
Investments	14	1,256	1,256	0	0
Cash at bank and in hand	24	18,355	23,739	36	70
Inventory	15	3,519	0	0	0
Assets held for sale		300	300	0	0
Debtors	16	29,262	27,790	8,166	5,275
		52,692	53,085	8,202	5,345
Creditors: amounts falling due within one year	19	56,273	56,523	14,998	11,104
Net current (liabilities)/assets		(3,581)	(3,438)	(6,796)	(5,759)
Total Assets less current liabilities		10,149	9,413	2,971	1,988
Creditors: amounts falling due after more than one year	20	685	2,575	0	0
Provision for liabilities	18	183	178	0	0
Net Assets		9,281	6,660	2,971	1,988
Equity					
Share capital	22	1,283	1,283	1,283	1,283
Capital reserve	23	0	0	528	528
Revaluation reserve	23	721	799	0	0
Other reserve	23	(256)	(256)	(256)	(256)
Profit and loss account	23	7,533	4,834	1,416	433
Total Equity		9,281	6,660	2,971	1,988

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 profit for the year was £1,232,000 (2016: £1,131,000).

The financial statements were approved and authorised by the Board of Directors on 21st March 2018.

J.G. WOOD Director

A.D. CLARK Financial Director

Notes 1 to 28 form part of these financial statements.

Company Number 03819314

TOLENT PLC

Consolidated statement of changes in equity for the period ended 31st December 2017

	Share Capital	Other Reserve	Revaluation Reserve	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1st January 2016	1,283	(256)	784	4,129	5,940
Profit after taxation for the year	0	0	0	673	673
Reserve transfer	0	0	(32)	32	0
Other comprehensive income:					
Revaluation of leasehold properties	0	0	47	0	47
Total comprehensive income and expense for the year	0	0	15	705	720
At 31st December 2016	1,283	(256)	799	4,834	6,660
At 1st January 2017	1,283	(256)	799	4,834	6,660
Profit after taxation for the year	0	0	0	2,917	2,917
Reserve transfer	0	0	(31)	31	0
Other comprehensive income:					
Revaluation of leasehold properties	0	0	(47)	0	(47)
Total comprehensive income and expense for the year	0	0	(78)	2,948	2,870
Equity dividends paid	0	0	0	(249)	(249)
Transactions with owners	0	0	0	(249)	(249)
At 31st December 2017	1,283	(256)	721	7,533	9,281

Notes 1 to 28 form part of these financial statements.

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Parent company statement of changes in equity for the period ended 31st December 2017

	Share Capital	Other Reserve	Capital Reserve	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1st January 2016	1,283	(256)	528	(698)	857
Profit after taxation for the year	0	0	0	1,131	1,131
Total comprehensive income and expense for the year	0	0	0	1,131	1,131
At 31st December 2016	1,283	(256)	528	433	1,988
At 1st January 2017	1,283	(256)	528	433	1,988
Equity dividends paid	0	0	0	(249)	(249)
Transactions with owners	0	0	0	(249)	(249)
Profit after taxation for the year	0	0	0	1,232	1,232
Total comprehensive income and expense for the year	0	0	0	1,232	1,232
At 31st December 2017	1,283	(256)	528	1,416	2,971

Notes 1 to 28 form part of these financial statements.

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Consolidated statement of cash flows for the period ended 31st December 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Profit after taxation	2,917	673
Fair value decrease in investment properties	758	41
Taxation charge recognised in statement of comprehensive income	763	410
Finance income and cost	23	58
Depreciation on property, plant and equipment	230	206
(Increase)/decrease in trade and other receivables	(1,309)	1,165
Increase in amounts recoverable on contracts	(518)	(2,878)
Decrease in stock	0	2,426
Release of intangibles	0	(386)
(Decrease)/increase in trade and other payables	(7,112)	8,249
Increase/(decrease) in provisions	5	(54)
Cash (used in)/generated from operations	(4,243)	9,910
Finance cost paid	(89)	(106)
Tax paid	(43)	(263)
Net cash (used in)/generated from operating activities	(4,375)	9,541
Cash flows from investing activities		
Purchase of subsidiaries (gross of cash/overdraft)	(520)	(900)
Purchase of property, plant and equipment	(49)	(109)
Sale of investment property	620	0
Payments in cash held for bond deposits	0	(979)
Cash on acquisition	17	0
Finance income received	66	48
Net cash generated from/(used in) investing activities	134	(1,940)
Cash flows from financing activities		
Dividends paid	(249)	0
Increase in borrowings	0	2,000
Repayment of borrowings	(894)	(1,419)
Net cash (used in)/generated from financing activities	(1,143)	581
Net (decrease)/increase in cash and cash equivalents	(5,384)	8,182
Cash and cash equivalents at beginning of period	23,739	15,557
Cash and cash equivalents at end of period	18,355	23,739

Notes 1 to 28 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 and within property, plant and equipment.

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. Management has produced a year ahead detailed budget and a three year operational plan which includes secured and probable order books, analysis of forecasted work between region, work sector and negotiated and tendered work, detailed overhead review, forecast 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 are the basis of the monthly management accounts and board pack reviewed by the board.

The working capital requirements of the group are satisfied by a number of loans as detailed in note 20 which are secured against specific properties. Management are confident that these facilities can be maintained and renewed or increased when they become due. The cash position of the group has remained robust and allowed further investment in the group's future, with the budget and plans noted above indicating this will continue.

The Directors believe that the current market conditions are generally stable although there is still caution about what the actual impact of Brexit will be due to the uncertainty regarding a “soft” or “hard” Brexit. Funding from new sources of finance outside the traditional banks is increasing in the market place. There is still strong demand and funding available for student accommodation, hotels, medical centres and the renewable energy sectors which have been successfully targeted over the last few years. The level of enquiries remains high, particularly in the residential sector which is benefitting from continual Government focus. The tender margins have stabilised but care is needed to avoid the client imposing risk onto the contractor and the risk of inflation in the industry.

Having considered the above, management's view is that the Group will be able to continue as a going concern and manage its business successfully into the future.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

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 carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for construction contracts is provided in note 4m.

In respect of one specific loss making contract in the year management have made estimates of the recovery of the invoiced amounts unpaid, which is subject to an agreed payment plan incorporating a guarantee from a third party guarantor.

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

One area of critical accounting estimate relates to the carrying value of Echo Buildings held within Tolent Homes Limited. The 45 apartments are let on short term tenancies. Following the downward valuation movement of £710,000 in the year, management believe, taking into account independent advice received, that the remaining apartments can be sold in the future at levels at least equal to what they are currently carried at within investment properties.

4. Principal accounting policies

4a 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.

4b 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. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised on the face of the consolidated statement of financial position immediately below goodwill.

4c Investments in subsidiaries

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

4d Tangible assets

The Group's long leasehold properties included within property, plant and equipment are used 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%

4e Intangible assets

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

On acquisition , goodwill is allocated to cash generating units ("CGU's") 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 5 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.

4f 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 estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or 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.

4g 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 account.

4h Investments (Current Assets)

Cash is held at third party bank accounts as security for the provision of Performance Bonds on specific projects undertaken in the normal course of the company's construction activities.

4i Inventory

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

4j Cash at bank and in hand

Cash comprises cash on hand and demand deposits.

4k Assets held for sale

Assets awaiting sale are held at the lower of cost and net realisable value.

4l Debtors

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

4m Construction Contracts

Contract revenue 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 revenue and associated costs are recognised as revenue 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, revenue 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 revenue 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 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 revenue 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) exceeds 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.

4n 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.

4o 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.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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.

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.

4p 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.

4q Taxation

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

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.

4r 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 4m above;

- in the case of property development sales, revenue is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the property which is generally when title passes to a buyer, upon completion;

- 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.

4s 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.

4t 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.

4u 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.

4v 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.

4w 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.
- "Revaluation reserve" represents fair value adjustments in respect of properties.

5. Result before taxation

All of the Group's revenue and profits originate from the United Kingdom.

Profit before taxation is stated after:

	2017	2016
	£'000	£'000
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	16
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	55	48
Other employer and corporate services and services pursuant to legislation	16	8
Tax Services	15	32
	106	104
Depreciation	230	206
Release of negative goodwill	0	(386)
Operating lease charges:		
hire of plant and machinery	3,177	5,064
other operating leases	663	627

6. Staff costs

Group

Staff costs during the year including key management:

	2017	2016
	£'000	£'000
Wages and salaries	18,607	19,101
Social security	2,083	2,046
Pension costs	1,334	1,148
	22,024	22,295

The Group operates a defined contribution pension scheme for certain employees and directors, the assets of which are invested with insurance companies. Pension payments recognised as an expense of the Group during the year was £1,334,000 (2016 - £1,148,000).

The average number of employees of the Group during the year was 418 (2016 - 440). 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:

	2017	2016
	£'000	£'000
Aggregate emoluments	746	718
Social security	95	79
Company pension contributions to a defined contribution scheme	23	26
Payment to third parties for directors' services	12	10

During the year one director (2016 - 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:

	2017	2016
	£'000	£'000
Aggregate emoluments	256	251
	256	251

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 (2016 - 6). Staff costs, relating solely to parent company Directors remuneration are as follows:

	2017	2016
	£'000	£'000
Wages and salaries	62	64
Social security	4	4
	66	68
Payment to third parties for directors' services	12	10

7. Net Interest

	2017	2016
	£'000	£'000
Interest receivable on bank balances	66	48
Interest payable on bank loans	(89)	(106)
	(23)	(58)

8. Taxation

The tax charge represents:

	2017	2016
	£'000	£'000
Corporation tax at 19.25% (2016 - 20%)	649	0
Adjustment in respect of prior years	(2)	(55)
Total current tax	647	(55)
Deferred taxation	116	465
Tax on profit on ordinary activities	763	410

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 19.25% (2016 - 20%). The differences are explained as follows:

	2017	2016
	£'000	£'000
Profit on ordinary activities before taxation:	3,680	1,083
Multiplied by standard rate of corporation tax in the United Kingdom of 19.25% (2016 - 20%)	709	216
Effects of:		
expenses not deductible for tax purposes	71	61
deferred tax not provided	24	267
movement on property valuation	145	0
utilisation of brought forward losses	(203)	0
deferred tax not provided on trading losses	34	0
sale of non qualifying assets	(16)	0
income not included for tax purposes	0	(79)
ESOT dividend income	1	0
adjustments to tax charge in respect of prior years	(2)	(55)
Tax on profit on ordinary activities	763	410

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £Nil (2016 - £Nil).

At the Budget 2016, the Government announced a reduction to the main rate of corporation tax to 17% from 2020.

9. Dividends

	2017	2016
	£'000	£'000
Interim dividend in respect of 2017 of 2p (2016 - nil) per 10p ordinary share	256	0
Dividends received by ESOT Trust	(7)	0
	249	0

10. Tangible Fixed assets

Group

	Property, plant and equipment		
	Long leasehold properties	Plant, equipment and vehicles	Total
	£'000	£'000	£'000
Cost or valuation			
At 1st January 2017	2,972	991	3,963
Additions	0	49	49
Fair value adjustment	(47)	0	(47)
At 31st December 2017	2,925	1,040	3,965
Depreciation			
At 1st January 2017	117	878	995
Charge for year	117	113	230
At 31st December 2017	234	991	1,225
Net book value at 31st December 2017	2,691	49	2,740
Net book value at 31st December 2016	2,855	113	2,968

11. Investment properties

Group	Long leasehold properties
	£'000
Cost or valuation	
At 1st January 2017	9,883
Disposals	(620)
Fair value adjustment	(758)
At 31st December 2017	8,505
Book value at 31st December 2017	8,505
Book value at 31st December 2016	9,883

The long leasehold and investment properties were revalued in November and December 2017 by Sanderson Young and Gavin Black & Partners, respectively, being independent valuers with recognised and relevant professional qualifications and with recent experience in the locations of the investment properties being valued. The valuers were not officers or employees of the company. The basis of the fair value valuation was on open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. on an open market basis. This resulted in an upward valuation on one investment properties of £47,000, and a downward movement of £805,000 across four further investment properties. The directors consider that this valuation continues to reflect the value at the balance sheet date. The investment property valuation has been incorporated in the above figures.

If the investment properties had not been revalued they would have been included on an historical cost basis with a net book value of £15,064,000 (2016 - £15,487,000). This follows disposals in the year with an historic cost of £423,000.

12. Intangible assets

Group	Goodwill
	£'000
Cost	
At 1st January 2017	(387)
Acquisition	2,485
At 31st December 2017	2,098
Amortisation	
At 1st January 2017	387
At 31st December 2017	387
Net book value at 31st December 2017	2,485
Net book value at 31st December 2016	0

Goodwill acquired in the year relates to the acquisition of Coolmore Land Limited (see note 28).

13. Investments (Fixed Assets)

Company	2017	2016
At cost	£'000	£'000
At 1st January 2017	9,747	2,000
Additions	2,020	7,747
	11,767	9,747
Impairment		
At 1st January 2017	(2,000)	0
Impairment loss	0	(2,000)
At 31st December 2017	(2,000)	(2,000)
Net book amount at 31st December 2017	9,767	7,747
Net book amount at 31st December 2016	7,747	2,000

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	Company
		%	%
Tolent Corporation Limited	Holding company	100	100
Tolent Construction Limited	Building & civil engineering	100	100
T Holdings Limited	Dormant	100	100
Tolent Homes Limited	Property investment	100	100
Coolmore Land Limited	Property Development	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
The following dormant companies were dissolved on 24th January 2017			
Haymarket Hub Properties Limited	Dormant - Dissolved	100	100
Tolent Fleet Management Limited	Dormant - Dissolved	100	100
Echo Buildings Limited	Dormant - Dissolved	100	0

14. Investments (Current Assets)

Group	2017	2016
	£'000	£'000
Cash held at third party bank accounts	1,256	1,256

Cash is held at third party bank accounts as security for the provision of Performance Guarantee Bonds on specific projects undertaken in the normal course of the Group's construction activities.

15. Inventory

Inventory relates to a 200 acre site adjacent to the A19 in Seaham, North East England which is held for development. The land which is considered to be inventory is stated at the lower of cost and net realisable value. The directors are of the opinion that the true value of the land is significantly higher than the current work in progress value of £3,519,000.

16. Debtors

Group

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Trade receivables	15,291	13,776
Other receivables	1,727	1,779
Prepayments and accrued income	871	1,004
Amounts recoverable on contracts	11,159	10,641
Current Taxation	0	260
	29,048	27,460
Amounts falling due after more than one year		
Deferred taxation	214	330
	214	330
Total debtors	29,262	27,790

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 were found to be impaired and a provision of £220,000 (2016: £208,000) has been recorded accordingly. The impaired trade receivables are due from customers in the Group's construction and property operations business segments.

Company

	2017	2016
	£'000	£'000
Other Debtors	1,184	1,195
Amounts owed by group undertakings	6,768	3,750
Deferred taxation	214	330
	8,166	5,275

The amounts owed by group undertakings are repayable on demand with interest being charged at rates between 0% and 3.5%

17. Deferred taxation asset

Deferred taxation provided for at 17% (2016 - 19%) on unused tax losses in the financial statements is set out below.

Group

	2017	2016
	£'000	£'000
At 1st January 2017	330	404
Acquired with acquisitions in the year	0	393
Charge to statement of comprehensive income	(81)	(448)
Rate change (2017 19% to 17%, 2016 - 20% to 19%)	(35)	(17)
Adjustment in respect of prior years	0	(2)
	214	330
Unused tax losses - non current	214	330

Deferred taxation has been calculated at 17% (2016 - 19%) on timing differences relating to tangible fixed assets and other revenue and expense items. This deferred tax asset has not been recognised in the financial statements.

	2017	2016
	£'000	£'000
Accelerated capital allowances	52	40
Other items of revenue and expense	45	38
Unused tax losses	1,252	1,379
	1,349	1,457

The unused tax losses include £1,096,000 (2016 - £1,296,000) relating to Tolent Solutions Limited acquired on 4th January 2016.

Company

	2017	2016
	£'000	£'000
At 1st January 2017	330	347
Credit to statement of comprehensive income in the year	(81)	0
Rate change 2017 19% to 17% (2016 - 20% to 19%)	(35)	(17)
	214	330
Deferred tax balances relate to temporary differences as follows:		
Unused tax losses - non current	214	330
	214	330

18. Provisions

Group

	2017	2016
	£'000	£'000
Other provisions due within one year		
Brought forward at 1 January 2017	178	232
Additional provisions	148	151
Amount utilised/released	(143)	(205)
Carried forward at 31 December 2017	183	178
Due within one year	183	178
	183	178

Other provisions are provided against various legal, insurance and other claims by customers. The Group anticipates to be reimbursed £100,000 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

	2017	2016
	£'000	£'000
Trade creditors	39,623	43,796
Payments received on account	11,458	8,383
Social security and other taxes	1,001	2,345
Other creditors	1,645	811
Accruals and deferred income	650	632
Current taxation	344	0
Bank and other loans	1,552	556
	56,273	56,523

Company

	2017	2016
	£'000	£'000
Trade creditors	27	10
Other creditors	1,531	30
Amounts owed to group undertakings	13,440	11,064
	14,998	11,104

The amounts owed to group undertakings are repayable on demand with interest being charged at 2.5%.

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

	2017	2016
	£'000	£'000
Bank and other loans	685	2,575
	685	2,575
Aggregate amounts repayable by instalments:		
within one year	1,552	556
between one and two years	685	1,537
between two and five years	0	1,038
	2,237	3,131

The loans are secured by legal charges over buildings included within investment properties and stock. They are interest and capital repayment loans with repayment dates from 2018 to 2019. Interest rates vary between 2.25% and 3.5% over 3 month bank LIBOR rate.

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 raise finance for the Group's operations.

The main risks arising from the Group financial instruments are interest rate, liquidity and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below together with a sensitivity analysis. These policies have remained unchanged from previous years.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations. Subsidiary bank balances and borrowings are managed centrally to keep within agreed facilities across the Group and to reduce interest costs.

At 31 December 2017 the Group is exposed to changes in the market interest rates through its bank borrowings within the Group and within the joint ventures. An interest rate movement of 0.5% would have an approximate impact of £11,000 per annum on profit based on the borrowings of the subsidiaries within the Group at 31 December 2017. However as the Group has positive cash balances in its subsidiaries these would counter any movement in the borrowing interest cost.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs are identified monthly.
Short term flexibility is achieved by cash deposits and other facilities. Longer term projects are financed by medium and longer term loans depending on the project.

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.

Notes forming part of the consolidated financial statements for the year ended 31st December 2017 (continued)

Group	2017	2016
	£'000	£'000
Financial assets and liabilities held at amortised cost		
Current assets		
Trade and other receivables (excluding prepayments and accrued income)	17,018	15,815
Investments (Current Assets)	1,256	1,256
Inventory	3,519	0
Cash and cash equivalents	18,355	23,739
Loans and receivables	40,148	40,810
Non current liabilities		
Bank Loans	685	2,575
	685	2,575
Current liabilities		
Trade payables	39,623	43,796
Payments received on account	11,458	8,383
Other payables	1,645	811
Bank loans	1,552	556
Accruals	650	632
Other financial liabilities	54,928	54,178
Net financial liabilities	(15,465)	(15,943)
Non financial assets and liabilities		
Property, plant and equipment	2,740	2,968
Investment properties	8,505	9,883
Intangible assets	2,485	0
Assets held for sale	300	300
Current taxation	(344)	0
Prepayments and accrued income	871	1,004
Provisions	(183)	(178)
Amounts recoverable on contracts	11,159	10,641
Social security and other taxes	(1,001)	(2,345)
Deferred taxation	214	330
Non financial assets	24,746	22,603
Total Equity	9,281	6,660

22. Share capital

Group and Company

	2017		2016	
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:

	2017	2016
	£'000	£'000
Distributable profit and loss reserve	7,115	4,214
Non - Distributable profit and loss reserve	418	620
	7,533	4,834

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 shares in the Company and the Trustees have full authority and power to distribute such shares as they deem fit to the Beneficiaries.

As of 31st December 2017 the Trust held 365,000 (2016 - 365,000) ordinary shares of 10p each in the capital of the Company (2.84% of the allotted share capital).

The market value of the shares in the ESOT at 31st December 2017 based on the latest Matched Bargain trade was £84,000 (2016 - £78,000).

24. Analysis of cash at bank and in hand and bank and other loans

Group

	2017	2016
	£'000	£'000
Cash at bank and in hand	18,355	23,739
Bank and other loans due within one year	(1,552)	(556)
	16,803	23,183
Bank and other loans due after more than one year	(685)	(2,575)
	16,118	20,608

Company

	2017	2016
	£'000	£'000
Cash at bank and in hand	36	70
	36	70

25. Operating lease obligations

Group

Total commitments to operating lease payments are as follows:

	Land & buildings	Other
	£'000	£'000
In respect of leases expiring:	2017	
within one year	118	400
between one and five years	122	326
	240	726
	2016	
within one year	159	460
between one and five years	231	304
	390	764

26. Contingent liabilities

Company

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

At 31 December 2017 this amounted to £nil (2016 - £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.

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 common directors with Billington Holdings Plc, Mr.P.K. Hems and Mr. A. W. Ospelt. No trade occurred between the Company and Billington Holdings plc and there were no payables/receivables at 31st December 2017. The Group has undertaken normal arms length trading activities with related undertakings of Billington Holdings Plc throughout the year totalling £Nil (2016 - £nil). £Nil was due from the Group to related undertakings of Billington Holdings Plc at 31st December 2017 (2016 - £Nil).

During the year the company advanced loans totalling £nil to Gutenga Investments PCC Limited (2016 - £1,000,000), a substantial shareholder in Tolent Plc. At 31st December 2017 an amount of £1,174,000, which includes accrued interest of £14,000 is included within the company's other debtors.

Turnover amounting to £nil (2016 - £nil) at normal market rates is in respect of Billington Holdings Plc related undertakings. At 31st December 2017 the Billington Holdings Plc related undertakings balance included within trade receivables amounted to £nil (2016 - £nil), repayable under normal trade terms.

Billington Holdings Plc related undertakings had turnover of £nil (2016 - £nil) in respect of normal trade services and goods during the year with the Group.

As noted below the group purchased the entire share capital of Coolmore Land Limited from Tarom Foundation and Gutenga Investments PCC Limited, both of whom are substantial shareholders in Tolent PLC (see below for further details).

Transactions amounting to £56,000 (2016 - £7,000) at normal market rates were carried out between the Group and an entity owned by one of the substantial shareholders of Tolent Plc. At 31st December 2017 an amount of £330,000 was included within other receivables.

28. Business acquisitions

Coolmore Land Limited

On 18th December 2017, the group, purchased the entire share capital of Coolmore Land Limited, from Tarom Foundation and Gutenga Investments PCC Limited. The acquisition gave the group increased land inventory to progress future development projects. Coolmore Land Limited is principally engaged in the development of a 200 acre site adjacent to the A19 in Seaham, North East England.

The following table summarises the consideration paid by the group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	£'000
Consideration	2,000
For cashflow disclosure purposes the amounts are disclosed as follows:	
Cash consideration	2,000
Costs of acquisition	20
	2,020
Deferred consideration	(1,500)
	520
Less: cash acquired	(17)
Net cash outflow	503

Recognised amounts of identifiable assets and liabilities assumed

	Book Value	Adjustments	Fair Value
	£'000	£'000	£'000
Inventory	3,519		3,519
Trade and other receivables	21		21
Trade and other payables	(4,022)		(4,022)
Cash at Bank	17		17
Total identifiable net assets	(465)	0	(465)
Goodwill (note 12)			2,485
Total cost of investment (note 13)			2,020