TOLENT CONSTRUCTION LIMITED

Report and Financial Statements

For the year ended

31st December 2019

TOLENT CONSTRUCTION LIMITED

Annual report and financial statements for the year ended 31st December 2019

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TOLENT CONSTRUCTION LIMITED

Directors, Secretary and Registered Office

Directors

A.I. McLeod	Chief Executive Officer	
P.W. Webster	Chief Operating Officer	
A.D. Clark	Chief Financial Officer	
J. G. Wood		Resigned 29th May 2019

Secretary

A.D. Clark

Registered Office

Ravensworth House
5th Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0HF

Registered in England : Company Number - 02450574

The directors present their Strategic Report together with the audited financial statements for the year ended 31st December 2019.

1. Principal activities and business review

The company is principally engaged in building and construction activities.

Tolent Construction Limited

2019 has seen a significant number of project commencing on site, previously delayed from 2018, resulting in the increased turnover in the year. This improvement was also reflected in the secured order book which stood at £171m at the start of 2020. The construction sector of the economy continues to remain competitive with some notable household names being forced to close in the current market. The directors believe that the additional uncertainty created by the Brexit process can be successfully managed by the company and the industry as a whole now that the decision to leave was ratified as at 31st January 2020. That said, with the prospect of "no deal" rearing it's head once more, this is a topic which will be kept very much under review. Since then Covid 19 has emerged as the most significant uncertainty facing the group of which more is said in section 4 of this report under Principal risks and uncertainties.

The decision was made in November 2019 to suspend all new construction projects delivered via our southern business unit, whilst committing to completing the current projects on site. This decision is due mainly to economic conditions and an overly competitive marketplace. The decision has been taken after careful consideration and in the best interests of the wider business. Whilst regrettable, we believe that it will ultimately strengthen Tolent Construction. Our current commercial position is stronger than it has been for some years, with current and future workload across our core, northern business units, remaining healthy and in line with our strategic goals in terms of both turnover and margin. The results and restructuring provisions in relation to the southern region have been disclosed as an activity due to cease in the statement of comprehensive income.

We operate 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. Tolent's excellent reputation has continued to attract enquiries from both existing and new customers and contacts. Although the general construction market is expected to remain relatively static over the short term, subject to the impact of COVID 19, there are a number of good opportunities within the residential sector and we enter the year with a healthy order book.

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:

- Commencement of a mixed use scheme at Milburngate in Durham (£84.4m)
- A high rise residential scheme in Newcastle (£26.1m)
- Work for Sterling Pharmaceuticals (£6.4m)
- A hotel for Hilton in Torquay (£20.2m)
- Residential scheme in London at Hackney Road (£25.3m)
- Student accommodation at Burley Street in Leeds (£9.5m)
- Civils work for propane storage in Teesside (£11m)
- Residential care schemes at Great Ayton (£7.9m) and Filey (£9.3m)
- Residential scheme at Sweet Street in Leeds (£23.3m)

Tolent Living Limited and Tolent Solutions Limited

These companies are principally engaged in building and construction activities in the residential and related markets including new build construction, refurbishment and maintenance of properties. Clients include a range of social housing providers, local councils and private residential developers.

The projects undertaken during the year include:

- 82 units at North Shore Phase 3, Stockton (£10.6m)
- Phase 1 annuity scheme for Newcastle City Council (5 sited £20.6m)
- 67 units for Chapter Homes at Oakerside (£9.5m)
- development of 100 units at Salters Lane (£21m)
- 38 units at Hexham for Karbon Homes (£5.8m)
- 2 schemes for Newcastle City Council at Hartburn and Scotswood (£14.8m)
- Various residential Schemes for Livin (£3.5m)

Overall the current residential market continues to be buoyant with housing, and particularly social housing, being prioritised by successive Governments. Despite the effective closure of this market in the initial stages of Covid there has been an encouraging return of demand over the recent period. We enter 2020 with a healthy order book and a number of good opportunities with the directors looking forward to continued growth.

Ravensworth Properties Limited

The company's principal activity is that of a holding company for investment properties.

One property was in the process of being disposed off at the year end, with contracts exchanged on 16th December 2019 and subsequently completed after the year end, on 17th January 2020. This was reclassified as an asset held for sale at the year end.

The space available to let during the year was 44,300 sq. ft. No properties were acquired during 2019. The occupancy rate for 2019 was 89% (2018 - 87%). One unit (2 lettable areas) on the Team Valley Industrial Estate is currently vacant. The unit is being actively marketed and there continues to be interest in the letting.

The company has funding against the properties within Ravensworth in the form of a 3 year term loan, with interest and capital repayments, expiring in February 2022.

2. Results and dividends

The statement of comprehensive income is set out on page 10 and shows the profit for the year.

Total turnover increased by 31% in 2019 to £174,434,585 from £133,394,253 in 2018.

A consolidated operating profit for continuing activities of £3,815,085 has been achieved in the year, (2018: £2,274,278). Losses in relation to the Southern region, including a restructuring provision of £847,021 amounted to £4,376,016.

The net loss on revaluation of investment properties was £150,000 (2018 - £90,000).

Net interest receivable reduced during the year to £107,958 (2018: £114,915) which is predominantly interest received on inter group loans.

The profit before tax on continuing activities in the year was £3,773,043 against £2,299,193 achieved in 2018. After the activities due to cease and the restructuring provision the loss before tax is £602,973.

The tax credit in the year of £854,772 is due mainly to the recognition of the deferred tax asset and the utilisation of brought forward trading losses for corporation tax purposes.

Interim dividends of £1,000,000 were paid during the year. The directors do not recommend the payment of a final dividend for the year.

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 suitable opportunities 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

Brexit

The directors believe that the additional uncertainty created by the Brexit process can be successfully managed by the company and the industry as a whole now that the decision to leave was ratified as at 31st January 2020. That said, with the prospect of "no deal" rearing it's head once more, this is a topic which will be kept very much under review. Since then Covid 19 has emerged as the most significant uncertainty facing the group.

Covid 19

The Board has considered the current and ongoing potential impact of the COVID 19 outbreak, based on the information that is currently known and the Government briefings that have taken place. It recognises that there remain a large number of unknowns as to how the virus and its consequences will develop over the immediate coming months and into the short and medium terms.

A review, region by region, has been undertaken to identify the risks, both to Tolent and third party employees and to the construction projects in terms of risks to progression of the contracts. All sites and regional offices have been assessed by our health and safety teams and are operating to the latest Government and construction industry guidelines to protect all operatives. The main risks identified in terms of project delay in the short term relate to social distancing requirements, the sub contractor supply chain, upon whom Tolent places reliance to complete projects, along with potential material shortages. The restrictions in movement across borders has lead to some direct material shortages and delays in the supply of manufactured components for subcontractors. On a contract by contract basis we are continually reviewing all such risks, potential delays and impact on labour and materials. In addition the legal terms of the contracts are being closely monitored in relation to possible delays and extensions of time.

As Tolent has a significant number of it's own workforce we are able to directly manage the effects of the virus by ensuring we have procedures in place to protect our employees to the fullest extent possible. The workforce has proven itself extremely adaptable and resourceful over the first few months of the virus. Clients and sub contractors have also been very supportive, allowing progress to be made across all sites in these difficult circumstances.

Tolent continues to have a well managed strong cash balance, which affords a good level of protection against downturn in workload.

On the basis of this information, the Directors confirm that, after due consideration, although there inevitably will be a negative impact on the business, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. As the overall effect of the continued uncertainty on the Group is, at the current time, difficult to quantify, the audit opinion contains an emphasis of matter in respect of going concern as a result of Covid 19, although the audit opinion is unqualified.

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. 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 finance the company's operations. The main risks arising from the company financial instruments are 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.

Liquidity and credit 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. The Group finances its operations through a mixture of retained profits, working capital and bank borrowings. 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. Health, safety and environment

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 Incident Rate (AIR) was 65.3 (2018- 232.2) per 100,000 hours. These rates compare favourably with the national averages for the construction industry according to the Health and Safety Executive statistics of 358 per 100,000 hours (AIR). In 2019 643 'off job' days (2018 - 674) of health and safety training has been delivered with a total of approximately 575 (2018 - 518) site visits and audits being completed in addition to 13 site visits from HSE Inspectors.

We are accredited under ISO 9001:2015 overall Quality Management Systems along with 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. The safety accreditation is currently being migrated to ISO 450001. In addition we have maintained accreditation ISO 14001:2015 for our environmental management system which identifies and control the environmental impact of our activities, products or services, continually improves our environmental performance and implements a systematic approach to setting environmental objectives . We are also accredited under ISO 50001 for Energy Management which encourages organizations to integrate energy management into their overall efforts to improve quality and environmental management.

7. Employees

On behalf of the board of directors I would like to thank and all of the Group’s employees for their efforts during 2019.

8. Approval

The Board of Directors of Tolent Construction Limited has approved the contents of this report for the year ended 31st December 2019.

BY ORDER OF THE BOARD

A.I. McLeod
Chief Executive Officer
17th July 2020

The directors present their report together with the audited financial statements for the year ended 31st December 2019.

1. Directors

The directors in office at the end of the year were Messrs A. I. McLeod, A.D. Clark and Mr. P.W. Webster, all of whom served throughout the year. Mr J Wood resigned on 29th May 2019.

Messrs A. I. McLeod, A. D. Clark and P. W. Webster are also directors of the ultimate parent company and their interests in the shares of the ultimate parent company are disclosed in that company's financial statements.

2. 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.

3. Employee involvement

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

4. Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5. Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

6. Approval

The board of directors of Tolent Construction Limited has approved the contents of this report and financial statements for the year ended 31st December 2019.

BY ORDER OF THE BOARD

A.D. Clark
Secretary
17th July 2020

Opinion

We have audited the financial statements of Tolent Construction Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2019 which comprise the Consolidated statement of comprehensive income, Consolidated and parent company statement of financial position, Consolidated statement of changes in equity and Parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.

Material Uncertainty related to going concern

We draw attention to the disclosure on page 14 of the financial statements, which details the factors that the directors have considered in making their going concern assessment. The uncertainty as to the future impact of the Covid19 pandemic has been included as part of the directors' consideration, and they have considered the reasonably plausible impact of the pandemic on the group's trading and cash flow forecasts.

While the directors consider the group to be a going concern, the uncertainty around the magnitude of the impact of the pandemic indicated the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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 has 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 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.

Use of our report

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

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

17th July 2020

TOLENT CONSTRUCTION LIMITED

Consolidated statement of comprehensive income for the year ended 31st December 2019

	Note	Continuing operations 2019	Activities due to cease 2019	Total 2019	Total 2018
		£	£	£	£
Turnover	5	146,606,188	27,828,397	174,434,585	133,394,253
Raw materials and consumables		(11,547,529)	(325,046)	(11,872,575)	(10,026,517)
Other external charges		(105,849,177)	(27,929,998)	(133,779,175)	(95,247,129)
		29,209,482	(426,647)	28,782,835	28,120,607
Staff costs	6	(22,313,946)	(2,569,349)	(24,883,295)	(22,449,116)
Depreciation		(161,553)	(3,678)	(165,231)	(173,834)
Amortisation		(6,754)	0	(6,754)	0
Other operating charges		(2,912,144)	(529,321)	(3,441,465)	(3,223,379)
Restructuring provision		0	(847,021)	(847,021)	0
Operating (loss)/profit		3,815,085	(4,376,016)	(560,931)	2,274,278
Loss from revaluation of investment property		(200,000)	0	(200,000)	(160,000)
Gain on revaluation of investment property		50,000	0	50,000	70,000
		3,665,085	(4,376,016)	(710,931)	2,184,278
Net interest	7	107,958	0	107,958	114,915
(Loss)/profit on ordinary activities before taxation	5	3,773,043	(4,376,016)	(602,973)	2,299,193
Tax credit/(charge) on (loss)/profit on ordinary activities	8	26,465	828,307	854,772	(196,278)
Profit/(loss) on ordinary activities after taxation and total comprehensive income for the year		3,799,508	(3,547,709)	251,799	2,102,915
Profit/(loss) after taxation and total comprehensive income attributable to equity shareholders of Tolent Construction Limited		3,799,508	(3,547,709)	251,799	2,102,915

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

TOLENT CONSTRUCTION LIMITED

Consolidated and parent company statements of financial position as at 31st December 2019

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		£	£	£	£
Fixed assets					
Investments	10	0	0	2,543,155	2,793,155
Intangible assets	11	332,960	0	332,960	0
Tangible assets	12	2,773,170	2,718,919	1,982,019	2,089,799
Investment properties	13	3,445,000	4,320,000	350,000	350,000
		6,551,130	7,038,919	5,208,134	5,232,954
Current assets					
Assets held for resale	14	950,000	300,000	225,000	300,000
Inventory	15	5,730,263	2,739,023	0	0
Debtors	16	43,030,170	33,984,026	41,368,956	33,004,643
		49,710,433	37,023,049	41,593,956	33,304,643
Cash at bank including short term deposits		26,947,097	11,629,753	16,424,341	6,500,772
		76,657,530	48,652,802	58,018,297	39,805,415
Creditors: amounts falling due within one year	18	(68,204,242)	(40,730,965)	(53,968,566)	(33,789,310)
Net current assets		8,453,288	7,921,837	4,049,731	6,016,105
Total Assets less current liabilities		15,004,418	14,960,756	9,257,865	11,249,059
Creditors: amounts falling due after more than one year	19	(658,205)	0	0	0
Provisions	20	(271,525)	(137,867)	(271,525)	(137,867)
Net Assets		14,074,688	14,822,889	8,986,340	11,111,192
Capital and reserves					
Called up share capital	21	50,000	50,000	50,000	50,000
Profit and loss account	22	14,024,688	14,772,889	8,936,340	11,061,192
Shareholders' funds		14,074,688	14,822,889	8,986,340	11,111,192

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss after taxation for the year was £1,124,852 (2018: profit £1,180,636).

The financial statements were approved and authorised by the Board of Directors on 17th July 2020.

A. I. MCLEOD Chief Executive Officer

A. D. CLARK Chief Financial Officer

Company number 02450574

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

TOLENT CONSTRUCTION LIMITED

Consolidated statement of changes in equity for the year ended 31st December 2019

	Share Capital	Profit and loss account	Total Equity
	£	£	£
At 1st January 2018	50,000	14,169,974	14,219,974
Profit on ordinary activities after taxation and total comprehensive income for the year	0	2,102,915	2,102,915
Equity dividends paid	0	(1,500,000)	(1,500,000)
Transactions with owners	0	(1,500,000)	(1,500,000)
At 31st December 2018	50,000	14,772,889	14,822,889
At 1st January 2019	50,000	14,772,889	14,822,889
Profit on ordinary activities after taxation and total comprehensive income for the year	0	251,799	251,799
Equity dividends paid	0	(1,000,000)	(1,000,000)
Transactions with owners	0	(1,000,000)	(1,000,000)
At 31st December 2019	50,000	14,024,688	14,074,688

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

Parent company statement of changes in equity for the year ended 31st December 2019

	Share Capital	Profit and loss account	Total Equity
	£	£	£
At 1st January 2018	50,000	11,380,556	11,430,556
Profit on ordinary activities after taxation and total comprehensive income for the year	0	1,180,636	1,180,636
Equity dividends paid	0	(1,500,000)	(1,500,000)
Transactions with owners	0	(1,500,000)	(1,500,000)
At 31st December 2018	50,000	11,061,192	11,111,192
At 1st January 2019	50,000	11,061,192	11,111,192
Loss on ordinary activities after taxation and total comprehensive loss for the year	0	(1,124,852)	(1,124,852)
Equity dividends paid	0	(1,000,000)	(1,000,000)
Transactions with owners	0	(1,000,000)	(1,000,000)
At 31st December 2019	50,000	8,936,340	8,986,340

The statement of accounting policies and notes 1 to 27 form part of these financial statements.

1. Company information

Tolent Construction Limited ("the company") is the main trading company and 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.

The company is a private 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.

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

The company is a wholly owned subsidiary of Tolent PLC. It is included in the consolidated financial statements of Tolent Plc which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts but has chosen to produce them to reflect the commercial operations of the group.

The company has adopted the following disclosure exemptions:

- financial instrument disclosures, including - categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.
- the requirement to disclose the total compensation of key management
- the requirement to disclose transactions within the Group headed by Tolent PLC.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows and related notes, on the basis that it is a qualifying entity and its ultimate parent company, Tolent PLC, includes the company's cash flows in its own consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis. Each year management produces a year ahead detailed budget and a second year operational projection which includes secured and probable order books, analysis of projected work between region, work sector and negotiated and tendered work, detailed overhead review, projected income statements, cash flow summaries and statements of financial position. Rolling forecasts for the remainder of the year, including secured and probable workloads are produced monthly throughout the year. These form the basis of the monthly management accounts and board pack reviewed by the board. In addition to the detailed budget and projection, a rolling five year strategic plan has been developed to ensure the continued success of the Group, which is updated each year. A detailed forecast has been produced for the period to 31st December 2020 in addition to a monthly projection for the year to 31st December 2021.

The potential impact on the Group of Covid 19 has been separately assessed as part of the Directors' consideration of the going concern basis of preparation. The Directors have considered a range of reasonably plausible short and medium term impacts of the Covid 19 outbreak on the Group's trading and cash flow forecasts and projections. In preparing this analysis a number of scenarios were considered, including the cancellation and deferment of construction projects, along with an estimation of the effect of a second "lockdown" in the final quarter of 2020. A number of mitigating actions have been taken to date, including temporary wages and salary reductions along with the curtailment of discretionary spend. The Group has also received financial support from the Government in the form of the Job Retention Scheme and the deferral of tax payments due in the period April to June 2020.

The working capital requirements of the group are satisfied by the management of the main categories of work in progress, trade debtors and trade creditors. Management are confident that these can continue to be managed effectively in the future. 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, Covid aside, that the current market conditions are generally stable following the ratification of Brexit on 31st January 2020. There continues to be strong demand and funding available for student accommodation, hotels, medical centres and the Private Rented Sector residential schemes, which may of course change as the economy reacts to changing circumstances. The level of enquiries remains high and tender margins remain stable. However, care is needed to avoid clients transferring undue levels of risk to the contractor and erosion of margins.

The directors consider the economic uncertainty arising as a consequence of the Covid 19 pandemic to represent a material uncertainty that may cast significant doubt upon certain assumptions made in the Group’s financial projections and, consequently, its ability to continue as a going concern. That said, having reviewed the most recent projections and a range of sensitives related to this uncertainty in detail, along with potential mitigating actions, the directors firmly believe that it is appropriate to prepare the financial statements on the going concern basis.

3. Significant judgements and estimates

Construction contract revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management makes significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for construction contracts is provided in note 4(i).

Revaluation of investment properties

The company carries its investment properties at fair value, with changes in fair value being recognised in profit and loss. The company engaged an independent valuation specialist to determine the fair value at the reporting date. The valuer used a recognised valuation technique. The determined fair values of the investment properties are sensitive to the estimated yield and occupancy rates.

Critical accounting estimates

As noted in the strategic report the southern region operations are to cease. The restructuring provision has been calculated taking into account all known factors at the current time and assumptions concerning the closure of the operations. Due to the complex nature of any such business closure there is an inherent uncertainty within the provision.

4. Principal accounting policies

The principal accounting policies of the company are stated below.

(a) Basis of consolidation

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

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

(b) Business combinations

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

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

(c) Investments in subsidiaries

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

(d) Turnover

See Construction contracts accounting policy note at (i) below.

(e) Tangible assets

The company's long leasehold properties included within property, plant and equipment are used by the company. 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	2 - 4 years (i.e. 25% to 50%)

(f) Intangible assets

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

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

Software licences	10 - 15 years

(g) 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 and loss.

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

(h) 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.

(i) Construction contracts

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

The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work remaining as a proportion of the total contract value.

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

Variations are only recognised as turnover when they have been agreed with the customer. Claims are not recognised until they have been fully settled.

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

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

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

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

(j) Cash at bank and in hand

Cash comprises in hand and on demand deposits repayable on notice without penalty.

(k) Inventory

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

(l) Debtors

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

(m) 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.

(n) Taxation

A current tax expense 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 is presented in the statement of comprehensive income or equity depending on the transaction that resulted in the tax expense.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the reporting date. Deferred tax assets are only recognised to the extent that 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 or associate 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 company has a legally enforceable right to set off current tax assets against current tax liabilities, and

- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) 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.

(p) Leases

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

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

(p) Provisions for 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 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.

The company 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.

5. Turnover and profit on ordinary activities before taxation

All the group's turnover and profits are derived from its principal activity of building, construction and property rental, and its turnover is all from the United Kingdom. Profit on ordinary activities before taxation is stated after:

	2019	2018
	£	£
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	32,500	31,050
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	18,950	17,950
Other employer and corporate services and services pursuant to legislation	2,800	2,800
Tax services	11,950	11,100
Depreciation	165,231	173,834
Amortisation	6,754	0
Operating lease charges:		
hire of plant and machinery	5,696,553	3,433,854
land and buildings	186,847	140,294
other operating leases	510,561	440,942

6. Staff costs

Staff costs during the year including directors.

Group	2019	2018
	£	£
Wages and salaries	20,952,010	18,958,070
Redundancy	32,426	38,934
Social security	2,301,500	2,067,304
Pension costs	1,597,359	1,384,808
	24,883,295	22,449,116
Southern region restructure redundancy	490,253	0

The group operates a defined contribution scheme, the assets of which are invested with insurance companies. Pension payments recognised as an expense of the company during the period amounted to £1,597,359 (2018 - £1,384,808).

The average number of employees of the group during the year was 446 (2018 - 422). All of these employees are engaged in construction activities. Key management are considered to be directors.

Remuneration in respect of directors was as follows:

	2019	2018
	£	£
Aggregate emoluments	669,815	873,474
Social security	86,015	120,601
Company pension contributions	38,187	37,150
	794,017	1,031,225

During the year two directors (2018 - 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:

	2019	2018
	£	£
Aggregate emoluments	255,083	262,702
	255,083	262,702

Company	2019	2018
	£	£
Wages and salaries	16,149,911	14,970,456
Redundancy	522,679	38,934
Social security	1,799,812	1,590,265
Pension costs	1,260,886	1,061,446
	19,733,288	17,661,101

The group operates a defined contribution scheme, the assets of which are invested with insurance companies. Pension payments recognised as an expense during the period amounted to £1,260,886 (2018 - £1,061,446).

The average number of employees of the company during the year was 338 (2018 - 318). All of these employees are engaged in construction activities. Key management are considered to be directors.

7. Net interest

	2019	2018
	£	£
Receivable on bank balances	22,372	18,051
Interest receivable from group undertakings	127,124	124,458
Interest payable	(41,538)	(27,594)
	107,958	114,915

8. Tax (credit)/charge on (loss)/profit on ordinary activities

The tax (credit)/charge represents:

	2019	2018
	£	£
Corporation tax at 19% (2018 - 19%)	(320,172)	196,440
Adjustment in respect of prior years	(289)	(162)
Total current tax	(320,461)	196,278
Deferred taxation - tax losses recognised	(534,311)	0
Tax (credit)/charge on (loss)/profit on ordinary activities	(854,772)	196,278

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the United Kingdom of 19% (2018 - 19%). The differences are explained as follows:

	2019	2018
	£	£
(Loss)/profit on ordinary activities before tax	(602,973)	2,299,193
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018 - 19%)	(114,565)	436,847
Effects of:		
expenses not deductible for tax purposes	81,821	(5,796)
deferred tax	(579,772)	9,059
tax losses utilised	(246,135)	(253,065)
movement on property valuation	0	19,950
income not taxable	4,168	(10,555)
adjustments in respect of prior years	(289)	(162)
Total tax (credit)/charge for the year	(854,772)	196,278

At the Budget 2016, the Government announced a reduction to the main rate of corporation tax from 2020, setting the rate at 17%. At the Budget 2020, the Government announced the main rate would remain at 19%.

9. Dividend

Group and Parent Company

	2019	2018
	£	£
Interim dividend of 20p (2018 - 20p) per share	1,000,000	1,000,000
Second interim dividend of nil (2018 - 10p) per share	0	500,000
	1,000,000	1,500,000

10. Investments (Fixed Assets)

Total fixed asset investments comprise interests in subsidiaries. At 31st December 2019 the company had interests in the following subsidiaries:

Subsidiary	Type of shares held	Proportion held	Country of incorporation	Nature of business
Tolent Solutions Limited	Ordinary	100%	England and Wales	Residential construction
Tolent Living Limited	Ordinary	100%	England and Wales	Residential construction
Ravensworth Properties Limited	Ordinary	100%	England and Wales	Property Investment

	2019	2018
	£	£
At 1st January 2019	2,793,155	3,295,655
Provision for impairment	(250,000)	(502,500)
At 31st December 2019	2,543,155	2,793,155

11. Intangible fixed assets

Group and Parent	Licensed Software
Cost	£
At 1st January 2019	0
Additions	339,714
At 31st December 2019	339,714
Amortisation	
At 1st January 2019	0
Charge for year	6,754
At 31st December 2019	6,754
Net book value at 31st December 2019	332,960
Net book value at 31st December 2018	0

12. Tangible fixed assets

Group	Plant and equipment	Long leasehold properties	Total
Cost	£	£	£
At 1st January 2019	860,558	2,925,000	3,785,558
Additions	33,846	185,636	219,482
At 31st December 2019	894,404	3,110,636	4,005,040
Depreciation			
At 1st January 2019	803,389	263,250	1,066,639
Charge for year	48,231	117,000	165,231
At 31st December 2019	851,620	380,250	1,231,870
Net book value at 31st December 2019	42,784	2,730,386	2,773,170
Net book value at 31st December 2018	57,169	2,661,750	2,718,919

Parent Company	Plant and equipment	Long leasehold properties	Total
Cost	£	£	£
At 1st January 2019	708,486	2,230,000	2,938,486
Additions	18,055	0	18,055
At 31st December 2019	726,541	2,230,000	2,956,541
Depreciation			
At 1st January 2019	664,687	184,000	848,687
Charge for year	33,835	92,000	125,835
At 31st December 2019	698,522	276,000	974,522
Net book value at 31st December 2019	28,019	1,954,000	1,982,019
Net book value at 31st December 2018	43,799	2,046,000	2,089,799

13. Investment Properties

Investment properties comprise long leasehold properties.

	Group	Parent Company
	£	£
At 1st January 2019	4,320,000	350,000
Transfer to assets held for sale	(725,000)	0
Fair value adjustments	(150,000)	0
At 31st December 2019	3,445,000	350,000

The long leasehold investment properties were revalued in December 2019 by Naylors Gavin Black (chartered surveyors), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location of the investment property being valued. The valuer was not an officer or an employee of the company. The basis of the fair value valuation was on open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The directors consider that these amounts continue to reflect their value at the balance sheet date.

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

14. Assets held for resale

Group

	2019	2018
	£	£
Assets held for resale	950,000	300,000

Assets held for resale comprise one office unit and two residential properties. The disposal of the office unit at its carrying value of £725,000 was completed on the 17th January 2020.

Parent Company

	2019	2018
	£	£
Assets held for resale	225,000	300,000

Assets held for resale comprise two residential properties.

15. Inventory

Inventory relates to land purchased for future development and current developments under construction. These are considered to be inventory and are stated at the lower of cost and net realisable value.

16. Debtors

Group

	2019	2018
	£	£
Amounts falling due within one year		
Trade debtors	13,853,899	7,639,497
Amounts recoverable on contracts	13,156,545	11,931,703
Amounts owed by group undertakings	12,621,928	12,849,221
Other debtors	519,410	741,446
Prepayments and accrued income	1,755,007	819,534
Deferred taxation	534,311	0
Current taxation	589,070	2,625
	43,030,170	33,984,026

An impairment loss of £51,833 (2018 - £296,770) was recognised against trade debtors.

The amounts owed by group undertakings are repayable on demand with interest being charged at rates between 2.75% and 3.5%.

Parent Company	2019	2018
	£	£
Amounts falling due within one year		
Trade debtors	12,322,682	6,717,286
Amounts recoverable on contracts	9,703,146	8,387,366
Amounts owed by group undertakings	17,451,122	16,566,148
Other debtors	33,064	641,617
Prepayments and accrued income	1,155,507	636,146
Current taxation	703,435	56,080
	41,368,956	33,004,643

An impairment loss of £35,732 (2018 - £267,186) was recognised against trade debtors.
The amounts owed by group undertakings are repayable on demand with interest being charged at rates between 2.75% and 3.5%.

17. Deferred taxation

Deferred taxation provided for at 17% is set out below. This is below the 19% main rate of corporation tax which the Government announced is to remain in place in the Budget 2020.

Group and Parent Company	2019	2018
	£	£
At 1st January 2019	0	0
Credit to statement of comprehensive income	534,311	0
At 31 December 2019	534,311	0
Deferred tax balances are made up as follows:		
Unused tax losses	534,311	0

Deferred taxation not provided on timing differences at 17% (2018 - 17%) is set out below.

Group	2019	2018
	£	£
At 1st January 2019	40,827	108,981
Movement in other timing differences in the year	34,957	(34,200)
Prior year adjustments	0	(25,415)
Accelerated capital allowances	(67,440)	(8,539)
Corporation tax rate change	150	0
At 31 December 2019	8,494	40,827

Company	2019	2018
	£	£
At 1st January 2019	22,504	73,861
Movement in other timing differences in the year	34,996	(31,583)
Prior year adjustments	0	(11,003)
Accelerated capital allowances	(63,457)	(8,771)
At 31 December 2019	(5,330)	22,504

Deferred taxation not provided on unused tax losses at 17% (2018 - 17%) is set out below.

Group	2019	2018
	£	£
At 1st January 2019	843,318	1,096,383
Losses utilised in the period	(246,135)	(253,065)
Credit to statement of comprehensive income	(534,311)	0
Prior year adjustments	(12)	0
Corporation tax rate change	(62,860)	0
At 31 December 2019	0	843,318

18. Creditors: amounts falling due within one year

Group	2019	2018
	£	£
Payments received on account	13,059,705	6,546,778
Bank loan	518,058	770,709
Trade creditors	50,382,706	31,200,692
Amounts owed to group undertakings	0	185,529
Social security and other taxes	2,266,496	888,979
Other creditors	698,928	592,340
Accruals and deferred income	1,278,349	545,938
	68,204,242	40,730,965

Parent Company	2019	2018
	£	£
Payments received on account	8,374,261	3,909,926
Trade creditors	38,116,192	21,524,462
Amounts owed to group undertakings	3,612,344	6,755,160
Social security and other taxes	2,162,879	647,669
Other creditors	646,763	569,594
Accruals and deferred income	1,056,127	382,499
	53,968,566	33,789,310

The amounts owed to group undertakings are repayable on demand with interest being charged at rates between 2.75% and 3.5%.

19. Creditors: amounts falling due after more than one year

Group

	2019	2018
	£	£
Bank loan	658,205	0
	658,205	0

Aggregate amounts repayable by instalments:

within one year	518,058	770,709
between one and two years	266,053	0
between two and five years	392,152	0
	1,176,263	770,709

The bank loan is secured over the properties included within investment property and the office included within assets held for sale. A capital repayment of £262,500 has been made on the completion of the office sale on 17th January 2020. Quarterly capital and interest payments are made. The loan expires in February 2022. Interest is payable on this loan at 2.5% over 3 month bank Libor rate.

20. Provisions

Group and parent company

	2019	2018
	£	£
Other provisions due within one year		
Carried forward at 1 January 2019	137,867	183,245
Additional provisions	228,315	153,450
Amount utilised/released	(94,657)	(198,828)
	271,525	137,867

Other provisions are provided against various legal, insurance and other claims by customers. The company anticipates to be reimbursed £242,000 (2018 - £152,000) by third parties in relation to these claims which has been disclosed 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.

21. Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid ordinary shares of £1 each	50,000	50,000

22. 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. This is further analysed between distributable and non - distributable as follows:

Parent Company	2019	2018
	£	£
Distributable profit and loss reserve	8,518,740	10,643,592
Non - Distributable profit and loss reserve	417,600	417,600
	8,936,340	11,061,192

23. Operating lease obligations

Group

	2019		2018	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
The company's minimum operating lease payments are as follows:				
within one year	160,072	315,464	162,578	431,910
between one and five years	227,570	212,912	390,402	488,020
	387,642	528,376	552,980	919,930

Parent company

	2019		2018	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
The company's minimum operating lease payments are as follows:				
within one year	288,330	226,875	363,578	358,182
between one and five years	747,570	132,142	1,258,402	355,506
in more than five years	487,500	0	1,030,750	0
	1,523,400	359,017	2,652,730	713,688

24. Contingent liabilities

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

At 31 December 2019 this amounted to £nil (2018 - £nil).

25. Ultimate parent undertaking

The immediate and ultimate parent undertaking/controlling related party of this company is Tolent PLC, which is registered in England and Wales whose financial statements can be obtained from the Registered Office.

26. Related party transactions

Transactions amounting to £nil (2018 - £4,000) at normal market rates were carried out between the Company and an entity owned by one of the substantial shareholders of the Company's ultimate parent company, Tolent PLC. At 31st December 2019 the amount of £nil (2018 - £330,000) was included within other debtors.

27. Events after the balance sheet date

As per note 2 a material uncertainty with regards to the Group's ability to continue as a going concern has arisen due to the impact of Covid 19. At the date of signing the accounts, it is not possible to reliably quantify the potential financial impcat of the uncertainty.