

**Okotoks Limited**

**Annual report and financial statements**

**Registered number 03094936**

**Year ended 31 December 2016**



## **Contents**

Directors and officers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	4
Independent auditor's report to the members of Okotoks Limited	5
Profit and loss account and other comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes	10

## **Directors and officers**

**Directors:**

P A Smith  
L F E Pollington

**Secretaries:**

L F E Pollington  
P A Smith

**Registered office:**

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

**Auditor:**

KPMG LLP  
Chartered Accountants  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

## Strategic report

The directors present their Strategic report for the year ended 31 December 2016.

### Principal activities

The principal activity of the company is that of estate agency.

### Business review and results

The key performance indicators for the business are turnover and profit before tax. Turnover decreased in 2016 by 4% driven by a downturn in the number of properties for sale in our markets and reduced consumer confidence following the EU referendum which reduced transaction volumes below levels achieved in 2015.

The company reported turnover of £15,736k (2015: £16,341k) and a loss before tax of £1,393k (2015: £835k)

The business is part of the Spicerhaart Group and a full business review for the group is included in the accounts of Spicerhaart Group Limited.

### Principal risks and uncertainties

The principal risk facing the business is a significant change in market conditions which is managed through the constant review of market trends to enable swift cost base adjustment when needed.

The prevailing economic conditions in the UK following 'Brexit' remain uncertain. This may reduce the volumes of transactions and prices in the estate agency market which would adversely impact the company's earnings.

As for most businesses, other risks and uncertainties include the loss of key personnel, clients, partners and suppliers.

By order of the board

  
P A Smith  
Director

Colwyn House, Sheepen Place  
Colchester, Essex, CO3 3LD

Date: 20th SEPT 2017

## **Directors' report**

The directors present their report and the financial statements for the year ended 31 December 2016.

### **Directors of the company**

The directors who held office during the year were as follows:

P A Smith  
L F E Pollington

### **Employment of disabled persons**

It is policy of the group to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the group, as well as through training and career development.

### **Employee involvement**

Efforts have been made to consult with and inform employees on matters which concern them with emphasis on the continuing growth and development of the company. Communication is principally through the regional and branch management structure.

### **Political and charitable contributions**

The company made charitable contributions during the year of £150 (2015: £2,287) and no political contributions (2015: £nil).

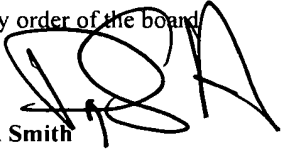
### **Disclosure of information to the auditor**

So far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and have established that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
P A Smith  
Director

Colwyn House, Sheepen Place  
Colchester, Essex, CO3 3LD

Date: 20th SEPT 2017

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the company and of the 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR  
United Kingdom

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKOTOKS LIMITED**

We have audited the financial statements of Okotoks Limited for the year ended 31 December 2016 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKOTOKS LIMITED**  
*(continued)*

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Mark Prince (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Botanic House

100 Hills Road

Cambridge

CB2 1AR

Date

21 September 2017



## Profit and Loss Account and Other Comprehensive Income

*For the year ended 31 December 2016*

	<i>Notes</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>15,736</b>	<b>16,341</b>
Operating expenses		<b>(17,078)</b>	<b>(17,131)</b>
		<hr/>	<hr/>
<b>Operating loss</b>	<b>3-5</b>	<b>(1,342)</b>	<b>(790)</b>
Interest payable and similar charges	<b>6</b>	<b>(51)</b>	<b>(45)</b>
		<hr/>	<hr/>
<b>Loss before taxation</b>		<b>(1,393)</b>	<b>(835)</b>
Tax on loss	<b>7</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(1,393)</b>	<b>(835)</b>
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>		<b>(1,393)</b>	<b>(835)</b>
		<hr/> <hr/>	<hr/> <hr/>

Turnover and operating loss derive wholly from continuing operations.

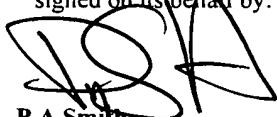
The notes on pages 10 to 18 form part of these financial statements.

## Balance Sheet

*At 31 December 2016*

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	484	627
<b>Current assets</b>			
Debtors	10	2,239	2,176
Cash at banks and in hand		106	252
		<u>2,345</u>	<u>2,428</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(11,256)</u>	<u>(10,013)</u>
<b>Net current liabilities</b>		<u>(8,911)</u>	<u>(7,585)</u>
<b>Total assets less current liabilities</b>		<u>(8,427)</u>	<u>(6,958)</u>
Provisions for liabilities	12	(418)	(494)
<b>Net liabilities</b>		<u>(8,845)</u>	<u>(7,452)</u>
<b>Capital and reserves</b>			
Called up share capital	13	98	98
Profit and loss account		(8,943)	(7,550)
<b>Shareholders' deficit</b>		<u>(8,845)</u>	<u>(7,452)</u>

These financial statements were approved by the board of directors on 20th Sept 2017 and were signed on its behalf by:



**P A Smith**  
Director

Company registered number: 03094936

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

The notes on pages 10 to 18 form part of these financial statements.

**Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	98	(6,715)	(6,617)
<b>Total comprehensive income</b>			
Loss for the year	-	(835)	(835)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	98	(7,550)	(7,452)
<b>Total comprehensive income</b>			
Loss for the year	-	(1,393)	(1,393)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	<b>98</b>	<b>(8,943)</b>	<b>(8,845)</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 18 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

The company's immediate parent undertaking, Spicerhaart Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Spicerhaart Group Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Spicerhaart Group Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Group accounts***

The company has taken advantage of the exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated audited accounts which are filed at Companies House

#### ***Going concern***

The company's immediate parent, Spicerhaart Group Limited, has confirmed that it will provide sufficient financial support to the company to enable it to meet its ongoing liabilities as they fall due for at least 12 months from the date of signing these financial statements.

The directors therefore consider it appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not include any adjustment that would be required if the going concern basis is inappropriate.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold property improvements	20% straight line per annum
Fixtures, fittings	25% straight line per annum
Office equipment	25% - 33 1/3% straight line per annum

#### **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### **Deferred tax**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted to reflect the time value of money.

#### **Fixed asset investment**

Fixed asset Investments are stated at cost less provision for impairment.

#### **Hire purchase and leasing**

Rental costs under operating leases are charged to profit and loss account on a straight line basis over the lease term.

#### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. Contributions payable are charged to the profit and loss account in the period to which they relate.

#### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

### 2 Turnover

Turnover comprises commission and fees receivable excluding VAT and is all earned in the United Kingdom. Commission earned on sales of property is recognised on exchange of contracts.

## Notes (continued)

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2016 £000	2015 £000
Hire of land, building and other assets – operating leases	971	954
Auditor's remuneration- audit of these financial statements	10	10
Depreciation of tangible fixed assets	339	337
	<u>          </u>	<u>          </u>

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Spicerhaart Group Limited.

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and support	266	265
	<u>          </u>	<u>          </u>

The aggregate payroll costs were as follows:

	2016 £000	2015 £000
Wages and Salaries	9,247	9,154
Social security costs	1,051	939
Staff pensions	83	85
	<u>          </u>	<u>          </u>
	10,381	10,178
	<u>          </u>	<u>          </u>

Contracts of employment are held with Spicerhaart Group Services Limited, another wholly owned subsidiary within the group. The directors deem it more appropriate to disclose the costs associated with the employees in the company to which their services relate.

## Notes (continued)

### 5 Directors' remuneration

During 2016 the new method of directors' remuneration allocation was used by the management of the Spicerhaart group. This is based on an estimate of the time spent by each director on each of the companies within the group. The comparative disclosure was respectively amended based on the new allocation method.

	2016	2015
	£000	£000
Directors' remuneration	97	92
	<u>97</u>	<u>92</u>

### 6 Interest payable and similar charges

	2016	2015
	£000	£000
Interest on balances with group undertakings	51	45
	<u>51</u>	<u>45</u>

### 7 Taxation

#### Analysis of charge in year

	2016		2015
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the year	-		-
	<u>-</u>		<u>-</u>
Total current tax		-	-
		<u>-</u>	<u>-</u>
Tax on loss		-	-
		<u>-</u>	<u>-</u>

#### Factors affecting the tax charge for the current and prior year

The effective rate for 2016 is 20% being the substantively enacted rate throughout the year. The effective rate for 2015 is a weighted average of the applicable corporation tax rates during the year; the 21% rate was reduced to 20% from 1 April 2015.

## Notes (continued)

### 7 Taxation (continued)

The total tax credit is lower than (2015: lower than) the standard rate (2015: standard rate) of corporation tax in the UK, 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
<i>Reconciliation of effective tax rate</i>		
Loss before taxation	(1,393)	(835)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	(279)	(169)
<i>Effects of:</i>		
Rate differences	11	2
Expenses not deductible for tax purposes	14	19
Income not taxable for tax purposes	-	(8)
Depreciation in excess of capital allowances	-	-
Adjustments to brought forward values	87	5
Other short term timing differences	-	-
Group relief surrender	254	125
Adjust closing deferred tax to average rate	32	35
Adjust opening deferred tax to average rate	(31)	(3)
Deferred tax not recognised	(88)	(6)
	<hr/>	<hr/>
Total tax charge included in profit and loss	-	-
	<hr/>	<hr/>

#### *Factors affecting the future tax charge*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

The company has trading losses of £nil (2015: £nil) carried forward.

The company has the following unrecognised deferred tax asset.

	2016 £	2015 £
Accelerated capital allowances	180	278
	<hr/>	<hr/>

The above unrecognised deferred tax asset has been calculated at a rate of 17% (2015: 18%) which is the rate substantively enacted at the balance sheet date.



## Notes (continued)

### 8 Tangible fixed assets

	Leasehold property improvements £000	Fixtures and fittings £000	Office equipment £000	Total £000
<b>Cost</b>				
At 1 January 2016	577	585	375	1,537
Additions	65	72	59	196
Disposals	(151)	(106)	(94)	(351)
<b>At 31 December 2016</b>	<b>491</b>	<b>551</b>	<b>340</b>	<b>1,382</b>
<b>Depreciation</b>				
At 1 January 2016	410	334	166	910
Charge for the year	71	153	115	339
Eliminated on disposals	(151)	(106)	(94)	(351)
<b>At 31 December 2016</b>	<b>330</b>	<b>381</b>	<b>187</b>	<b>898</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>161</b>	<b>170</b>	<b>153</b>	<b>484</b>
At 31 December 2015	167	251	209	627

### 9 Investments in subsidiaries

	2016 £000	2015 £000
Shares in group undertakings and participating interests	-	-

The subsidiary undertakings at the year end were as follows:

	Aggregate of capital and reserves £000	Profit or loss for the year £000	Registered office address	Class of Ownership shares held	Ownership 2016 %	Ownership 2015 %
Haybrook Holdings Limited	176	-	Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD	Ordinary	100	100

## Notes (continued)

### 10 Debtors

	2016 £000	2015 £000
Trade debtors	684	823
Other debtors	135	30
VAT	1,025	928
Prepayments and accrued income	395	395
	<u>2,239</u>	<u>2,176</u>

### 11 Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	374	131
Amounts owed to group undertakings	9,893	8,725
Other taxes and social security	61	78
Other creditors	107	-
Accruals and deferred income	821	1,079
	<u>11,256</u>	<u>10,013</u>

### 12 Provisions for liabilities

	Dilapidations provisions £000	Onerous lease provisions £000	Total £000
At 1 January 2016	407	87	494
Additional provision made during the year	77	40	117
Unused amounts reversed during the year	(121)	-	(121)
Utilised during the year	(45)	(27)	(72)
<b>At 31 December 2016</b>	<u><b>318</b></u>	<u><b>100</b></u>	<u><b>418</b></u>

The company recognises a provision for the estimated costs for dilapidations that may become payable under the terms of the current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year. It is expected that £85,000 will be payable within one year of the balance sheet date.

A provision has been recognised for expected losses as a result of unutilised leasehold properties. The provision is calculated based on the future lease commitments less any future income derived from the property. It is expected that £56,917 will be payable within one year of the balance sheet date.

## Notes (continued)

### 13 Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
97,927 Ordinary shares of £1 each	98	98

### 14 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charged to the profit and loss account for the year represents contributions payable by the company to the scheme and amounted to £83,091 (2015: £85,388).

Contributions totalling £37,526 (2015: £27,576) were payable to the scheme at the end of the year and are included in creditors.

### 15 Contingent liabilities

The company has cross guarantees in place with other companies in the Spicerhaart Group Limited group of companies in respect of its banking arrangements.

### 16 Commitments

Total commitments under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
<b>Land and buildings</b>		
<i>Operating leases which expire:</i>		
Less one year	774	587
Between one and five years	1,172	988
More than five years	231	370
	<u>2,177</u>	<u>1,945</u>
<b>Other</b>		
<i>Operating leases which expire:</i>		
Less than one year	511	549
Between one and five years	567	238
	<u>1,078</u>	<u>787</u>

**Notes (continued)**

**17 Related party transactions**

The company has taken advantage of the exemption in FRS102 section 33.1A "Related Party Disclosures" from disclosing transactions with other members of the group.

**18 Control**

The company is controlled by P A Smith by virtue of his shareholding in the ultimate parent company.

The ultimate parent company is VRS Investments Limited. The smallest group for which consolidated accounts are prepared is Spicerhaart Group Limited. Copies of the consolidated group accounts of Spicerhaart Group Limited can be obtained at the company's office address Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD.

**19 Subsequent events**

After the year end, the group, to which the company relates, entered into a 3 year facility agreement. The agreement provides an initial £10,000,000 revolving credit facility which can be used for general corporate and working capital purposes.