

Okotoks Limited

Annual report and financial statements

Registered number 03094936

Year ended 31 December 2017

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Director and officers

Director: P A Smith

Secretary: 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 director presents his Strategic report for the year ended 31 December 2017.

Principal activities

The principal activity of the company is that of a traditional high street based estate agent operating across the property services value chain and specialising in commission based sales of second hand and new homes.

Business review and results

The key performance indicators for the business are turnover and profit before tax. Turnover decreased in 2017 by 16% to £13.1m (2016: £15.7m).

The market remained challenging in 2017 with housing transaction volumes falling again. Consumer confidence remained low following the EU referendum in 2016 and changes in stamp duty and Landlord interest tax relief also impacted transaction volumes.

Despite the directors taking action to reduce operating costs, the company made a loss before tax of £2.6m (2016: loss of £1.4m). The company is however in a good position to move forward when the housing market improves.

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.

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

17th August 2018

Director's report

The director presents his report and the financial statements for the year ended 31 December 2017.

Directors of the company

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

P A Smith
L F E Pollington (resigned 27 May 2018)

Proposed dividend

The director does not recommend the payment of a dividend (2016: £nil).

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 £75 (2016: £150) and no political contributions (2016: £nil).

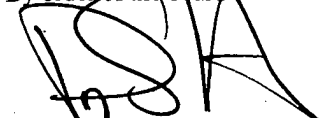
Disclosure of information to the auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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

17th August 2018

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has 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 director must not approve the financial statements unless he is 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 director is 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him 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

Opinion

We have audited the financial statements of Okotoks Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The director is responsible for the other information, which comprises the strategic report and the director's report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the director's report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OKOTOKS LIMITED

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in the statement set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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:

17 August 2018

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2017

	<i>Notes</i>	2017 £000	2016 £000
Turnover	2	13,146	15,736
Operating expenses		(15,691)	(17,078)
Operating loss	3-5	(2,545)	(1,342)
Interest payable and similar charges	6	(77)	(51)
Loss before taxation		(2,622)	(1,393)
Tax on loss	7	-	-
Loss for the financial year		(2,622)	(1,393)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year		(2,622)	(1,393)

Turnover and operating loss derive wholly from continuing operations.

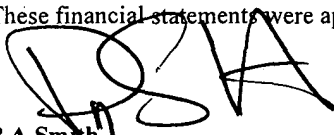
The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 16 form part of these financial statements.

Balance Sheet
at 31 December 2017

	<i>Notes</i>	2017	2016
		£000	£000
Fixed assets			
Tangible fixed assets	8	341	484
Current assets			
Debtors	10	2,216	2,239
Cash at banks and in hand		136	106
		<u>2,352</u>	<u>2,345</u>
Creditors: Amounts falling due within one year	11	<u>(13,840)</u>	<u>(11,256)</u>
Net current liabilities		<u>(11,488)</u>	<u>(8,911)</u>
Total assets less current liabilities		<u>(11,147)</u>	<u>(8,427)</u>
Provisions for liabilities	12	(320)	(418)
Net liabilities		<u>(11,467)</u>	<u>(8,845)</u>
Capital and reserves			
Called up share capital	13	98	98
Profit and loss account		(11,565)	(8,943)
Shareholders' deficit		<u>(11,467)</u>	<u>(8,845)</u>

These financial statements were approved by the board of directors on 17th August 2018 and were signed on its behalf by:


P A Smith
Director

Colwyn House
Sheepen Place
Colchester
Essex
CO3 3LD

Company registered number: 03094936

The notes on pages 10 to 16 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	98	(7,550)	(7,452)
Total comprehensive loss			
Loss for the year	-	(1,393)	(1,393)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	98	(8,943)	(8,845)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss			
Loss for the year	-	(2,622)	(2,622)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	98	(11,565)	(11,467)
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 16 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 director therefore considers 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.

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.

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:

Asset class	Depreciation method and rate
Leasehold property improvements	20% straight line per annum
Fixtures and fittings	25% straight line per annum
Office equipment	25% - 33.33% straight line per annum

Notes (continued)

1 Accounting policies (continued)

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.

Operating leases

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.

3 Expenses and auditor's remuneration

Included in profit/loss are the following charges:

	2017 £000	2016 £000
Operating leases charges	863	971
Auditor's remuneration - audit of these financial statements	10	10
Depreciation of tangible fixed assets	282	339
	<hr/>	<hr/>

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.

Notes (continued)

4 Staff numbers and costs

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

	2017 No.	2016 No.
Administration and support	239	266

The aggregate payroll costs were as follows:

	2017 £000	2016 £000
Wages and Salaries	8,672	9,247
Social security costs	1,130	1,051
Staff pensions	86	83
	<u>9,888</u>	<u>10,381</u>

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

5 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	82	97

6 Interest payable and similar charges

	2017 £000	2016 £000
Interest on balances with group undertakings	60	51
Other interest	16	-
	<u>76</u>	<u>51</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2017	2016
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
Tax on loss	-	-

The company has the following unrecognised deferred tax asset.

	2017	2016
	£	£
Accelerated capital allowances	166	180

Factors affecting the tax charge for the current and prior year

The effective rate for 2017 is 19.25%, the weighted average of the applicable corporation tax rates during the year. The 20% rate was reduced to 19% from 1 April 2017. The effective rate for 2016 was 20%.

The total tax charge (2016: charge) is higher (2016: higher) than the standard rate of corporation tax in the UK, 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
<i>Reconciliation of effective tax rate</i>		
Loss before taxation	(2,622)	(1,393)
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(505)	(279)
<i>Effects of:</i>		
Fixed asset differences	11	-
Rate differences	-	11
Expenses not deductible for tax purposes	55	14
Adjustments to brought forward values	-	87
Group relief surrendered	445	254
Change in tax rate on deferred tax	(1)	1
Deferred tax not recognised	(5)	(88)
Total tax on loss	-	-

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. No deferred tax asset or liability at 31 December 2017 has been recognised.

Notes (continued)

8 Tangible fixed assets

	Leasehold property improvements £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost				
At 1 January 2017	491	551	340	1,382
Additions	37	42	60	139
Disposals	(45)	(247)	(121)	(413)
At 31 December 2017	483	346	279	1,108
Depreciation				
At 1 January 2017	330	381	187	898
Charge for the year	80	103	99	282
Eliminated on disposals	(45)	(247)	(121)	(413)
At 31 December 2017	365	237	165	767
Net book value				
At 31 December 2017	118	109	114	341
At 31 December 2016	161	170	153	484

9 Investments in subsidiaries

	2017 £000	2016 £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 2017 %	Ownership 2016 %
Haybrook Holdings Limited	176	-	Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD	Ordinary	100	100

10 Debtors

	2017 £000	2016 £000
Trade debtors	552	684
Other debtors	76	135
VAT	1,098	1,025
Prepayments and accrued income	490	395
	2,216	2,239

Notes (continued)

11 Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	302	374
Amounts owed to group undertakings	12,325	9,893
Other taxes and social security	91	61
Other creditors	266	107
Accruals and deferred income	856	821
	<u>13,840</u>	<u>11,256</u>

12 Provisions for liabilities

	Dilapidations provisions £000	Onerous lease provisions £000	Total £000
At 1 January 2017	318	100	418
Additional provision made during the year	199	-	199
Unused amounts reversed during the year	(60)	(57)	(117)
Utilised during the year	(156)	(24)	(180)
At 31 December 2017	<u>301</u>	<u>19</u>	<u>320</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 £141,240 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 £18,914 will be payable within one year of the balance sheet date.

13 Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
97,927 Ordinary shares of £1 each	<u>98</u>	<u>98</u>

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 £85,910 (2016: £83,091).

Contributions totalling £48,546 (2016: £37,726) were payable to the scheme at the end of the year and are included in creditors.

Notes (continued)

15 Contingent liabilities

The company has cross guarantees in place with Spicerhaart Group Limited in respect of its financing arrangements.

16 Operating leases

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

	2017 £000	2016 £000
Land and buildings		
<i>Operating leases which expire:</i>		
Less than one year	499	774
Between one and five years	714	1,172
More than five years	219	231
	<hr/> 1,432 <hr/>	<hr/> 2,177 <hr/>
Other		
<i>Operating leases which expire:</i>		
Less than one year	655	511
Between one and five years	480	567
More than five years	-	-
	<hr/> 1,135 <hr/>	<hr/> 1,078 <hr/>

17 Related party transactions

The company has taken advantage of the exemption in Section 1A of FRS102 paragraph 1AC.35 "Related Party Disclosures" from disclosing transactions with wholly owned members of the group.

18 Ultimate parent company and parent company of larger group

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, registered at Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD. 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

There were no significant events after the balance sheet date.