

# oakus

PART OF



GreenSquare

## Report and Financial Statements 2010/2011





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# Oakus Estates Limited

Annual Report

**Year ended 31 March 2011**

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# Contents of the Annual Report

	<b>Page</b>
Company Information	1
Report of the Directors	2-3
Independent Auditors' Report	4
Profit and Loss Account	5
Reconciliation of Movement in Shareholders' Funds	6
Statement of movement in total recognised gains and losses	6
Balance Sheet	7
Notes to the Financial Statements	8-13

## **Company Information**

Directors	Bill Fishlock (Chair) Tim Jackson Vic O'Brien Derek Rogers James Williamson (to 14/09/10) Andrew Smith (to 12/10/10) David Ward Bob Marshall (to 14/09/10) Hilary Gardner (from 30/03/10) Tom Pritchard (from 20/07/10).
Secretary	Tim Jackson
Registered office	Methuen Park, Chippenham, Wiltshire. SN14 0GU
Registered number	03861414
Auditors	Grant Thornton UK LLP Hartwell House 55 – 61 Victoria Street Bristol BS1 6FT
Bankers	National Westminster Bank 30 High Street Chippenham Wiltshire SN15 3HB

# Report of the Directors

The directors (or 'the Board') present their report and the audited financial statements for the year ended 31 March 2011.

## Principal activities

The principal activities of the company are property development, investment in property for letting and the maintenance of public open spaces.

Oakus Estates Ltd ('OEL') is a commercial subsidiary of GreenSquare Group Limited, a charitable Industrial and Provident Society. OEL was established to undertake commercial activities for the Group to make profits to be reinvested in the Group's charitable activities.

OEL's main areas of business are the development of houses for sale on the open market, the acquisition and management of investment properties for both revenue and capital gain, and the ongoing management of public open spaces. OEL also provides development agency services to external clients on behalf of the group as and when the opportunity arises.

The Board have approved a business plan to include developing properties for sale, the letting of properties for market rent and the management and maintenance of public open spaces. The Board is also considering further activities which are complementary to GreenSquare's aims.

## Business review and future developments

As planned, OEL began developing land at two sites in Stroud during the year which will provide a combination of social housing to be sold to Westlea Housing, and outright sale units for sale on the open market. Sales will begin during the 2012/13 financial year once the units are complete. During the year OEL also sold land back to Westlea Housing in return for a consideration equal to the work in progress value.

OEL started the year holding 30 investment properties, and has acquired 2 further properties during the year bringing the total to 32. OEL intends to strengthen the property portfolio by disposing of under performing properties and replacing them with more desirable units.

The Board monitors performance on the above by looking at quarterly performance results against budget, and indicators including net return on investments, voids, arrears and actual cost of development versus budgeted costs.

Overall, OEL made a profit of £32,257 before tax which includes investment income received of £949, and interest paid of £4,454.

The key risks and influence on performance for development is the future viability of schemes and for sales and rent is a change in the local housing market. All development schemes are carefully scrutinised and monitored and appropriate risk mitigation and exit strategies are implemented where necessary. The Board receives quarterly updates on the property market during the year and continues to review the investment properties and take appropriate action.

A desktop valuation of all 32 investment properties was carried out on 31 March 2011 by the Directors. A combination of historic Land Registry data and current asking prices adjusted for average realisation was used. The resultant decrease in value of the portfolio by 1.11% is in line with market trends. This reduction in value of the portfolio by £42,502 has been reflected in the accounts by decreasing the carrying value of the assets and debiting a revaluation reserve.

## Employees & Directors

OEL does not directly employ any staff.

## **Report of the Directors (Continued)**

### **Capital structure and treasury**

OEL was funded by using £3,514,848 (2010: £3,514,848) in preference and ordinary shares. Original funding of £3,314,834, in return for £1m in cash and the remainder in return for 27 market rent properties from Westlea Housing Association, was increased in 2009 by Oxford Citizen's Housing Association ("OCHA") investing £200,002 in cash in return for 200,000 preference shares and 2 ordinary shares, and GreenSquare investing £12 in return for 12 ordinary shares. These preference shares are redeemable and non cumulative.

OEL has obtained loans on commercial terms secured on its assets to further its future activities.

### **Dividends**

The shareholders have formally waived their right to the dividend which they are entitled to via their holding of the preference share capital in the company (2010: £Nil).

### **Directors**

The directors of the company are set out on page 1.

The directors have no beneficial interests in the shares of the company or the ultimate parent company, GreenSquare Group Limited, and no rights to subscribe for shares were granted in the year.

### **Statement of directors' responsibilities for the financial statements**

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

Company law requires the directors to prepare financial statements for each financial period. 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 law). 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 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 judgments and accounting 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;
- 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.

## Report of the Directors (Continued)

### Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself/herself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### Auditors

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial period 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

### Approval

The report of the directors was approved by the Board on 19 July 2011 and signed on its behalf by:



Tim Jackson  
Director

## **Independent Auditor's Report to the Members of Oakus Estates Limited**

We have audited the financial statements of Oakus Estates Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Reconciliation of movement in shareholders' funds, the Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 AUDITORS**

As explained more fully in the Directors' Responsibilities Statement (set out on page 3), 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 March 2011 and of its 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.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **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.

*Grant Thornton UK LLP*

Jennifer Brown  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol, BS1 6FT  
19 July 2011

## Profit and Loss Account

for the year ended 31 March 2011

	Note	2011 £	2010 £
<b>Turnover - continuing operations</b>	1	1,841,326	349,335
Cost of sales		(1,660,491)	(122,549)
		<hr/>	<hr/>
<b>Gross profit</b>		180,835	226,786
Administrative expenses		(145,073)	(132,759)
		<hr/>	<hr/>
<b>Operating profit - continuing operations</b>	2	35,762	94,027
Interest receivable	3	949	1,948
Interest payable	4	(4,454)	(11,644)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		32,257	84,331
Tax on profit on ordinary activities	7	(6,805)	(18,562)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation retained for the year</b>	14	25,452	65,769
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 14 form an integral part of these financial statements

## Reconciliation of movement in shareholders' funds for the year ended 31 March 2011

	2011 £	2010 £
Opening shareholders' funds	4,170,440	3,933,671
Total recognised gains and losses relating to the year	(17,050)	236,769
	<hr/>	<hr/>
Closing shareholders' funds	4,153,390	4,170,440
	<hr/> <hr/>	<hr/> <hr/>
Represented by:-		
Equity shareholders' funds	638,560	655,870
Non-equity shareholders' funds	3,514,830	3,514,830

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2011

	2011 £	2010 £
Profit for the financial year	25,452	65,769
Unrealised (deficit)/surplus on property revaluation	(42,502)	171,000
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	(17,050)	236,769
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 14 form an integral part of these financial statements

## Balance Sheet

at 31 March 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investment properties	8	3,790,268	3,544,957
		<hr/>	<hr/>
		3,790,268	3,544,957
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	9	930,692	1,582,268
Debtors	10	10,270	258,271
Cash at bank and in hand		81,412	233,644
		<hr/>	<hr/>
<b>Creditors:</b> amounts falling due within one year	11	1,022,374 (659,250)	2,074,184 (1,448,698)
		<hr/>	<hr/>
<b>Net current assets</b>		363,124	625,485
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		4,153,392	4,170,442
<b>Creditors:</b> amounts falling due after more than one year	12	(3,514,832)	(3,514,832)
		<hr/>	<hr/>
<b>Net assets</b>		638,560	655,610
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Share Capital	13	16	16
Profit and loss account	14	444,895	419,443
Revaluation reserve	14	193,649	236,151
		<hr/>	<hr/>
		638,560	655,870
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board on 19 July 2011 and signed on its behalf by:



T Jackson  
Director and Company Secretary

Company number: 3861414

The notes on pages 9 to 14 form an integral part of these financial statements

# Notes to the Financial Statements

31 March 2011

## 1. ACCOUNTING POLICIES

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of investment properties. The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including SSAP 19, which unlike the detailed rules of the Companies Act do not require depreciation of freehold and long leasehold investment properties. The lack of depreciation is necessary to give a true and fair view for the reason explained below.

### **Turnover**

Turnover consists of rental income receivable, the invoiced value (excluding VAT) for goods and services supplied in the period under the company's letting activities. It also includes sales of properties developed for sale where the associated income and costs are recognised on the legal completion of the transaction, and income generated by development agency services provided to external clients. The costs associated with providing development agency services are reflected by way of a recharge from the parent.

### **Investment properties**

The investment properties are held at valuation. Any temporary surplus or deficit on revaluation is transferred to the investment property revaluation reserve. Permanent deficits on individual properties are charged to the profit and loss account which is also credited with any subsequent reversals.

As these properties are held for investment rather than consumption purposes, depreciation is not considered to be relevant. In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise be shown cannot be separately identified or quantified.

### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Land development projects represent costs incurred on those projects not yet recognised for profit purposes, less irrecoverable amounts written off.

### **Deferred taxation**

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date; and
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

# Notes to the Financial Statements

31 March 2011

## 1. ACCOUNTING POLICIES *continued*

### Deferred taxation *continued*

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

### Related parties

The company has taken advantage of the special exemption for related party disclosures between group companies.

### Cash flow statement

The company has taken advantage of the exemption not to prepare a cash flow statement on the grounds that it is a small company.

## 2. OPERATING PROFIT

Operating profit is arrived at after charging:

	<b>2011</b>	<b>2010</b>
	£	£
Auditors' remuneration	4,565	4,045
	<u>          </u>	<u>          </u>

## 3. INTEREST RECEIVABLE

	<b>2011</b>	<b>2010</b>
	£	£
Other interest	949	1,948
	<u>          </u>	<u>          </u>

## 4. INTEREST PAYABLE

	<b>2011</b>	<b>2010</b>
	£	£
Interest payable - intra-group loan	1,828	270
Other interest payable	2,626	15,511
Interest capitalised	-	(4,137)
	<u>          </u>	<u>          </u>
	4,454	11,644
	<u>          </u>	<u>          </u>

## 5. EMPLOYEES

The company does not have any employees, apart from its directors. The parent company makes management charges for the company's use of its staff time

## 6. DIRECTORS

# Notes to the Financial Statements

31 March 2011

Total remuneration paid to Board members in respect of the year was:

	2011 £	2010 £
W Fishlock	5,000	5,000
D Rogers	2,000	2,000
D Ward	2,000	2,000
	<u>9,000</u>	<u>9,000</u>

Expenses paid during the year to Board members amounted to £921 (2010: £1,124). Executive Directors receive emoluments from the parent.

## 7. TAXATION

### (a) Analysis of charge in period

	2011 £	2010 £
<b>Current Tax</b>		
Current tax on income for the year	6,805	18,562
Adjustments in respect of previous periods	-	-
<b>Tax on profit on ordinary activities</b>	<u>6,805</u>	<u>18,562</u>

### (b) Factors affecting the tax charge for the period

The tax assessed for the year differs to the standard rate of corporation tax in the UK, as explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation	32,257	84,331
Theoretical tax at 28% (2010: 28%)	9,032	23,613
<i>Effects of:</i>		
- Expenditure that is not allowable for tax purposes	42	34
- Small companies relief	(2,269)	(5,085)
Actual current taxation charge	<u>6,805</u>	<u>18,562</u>

## 8. INVESTMENT PROPERTIES

## Notes to the Financial Statements

31 March 2011

	£
At 1 April 2010	3,544,957
Additions	287,813
Revaluation adjustment	(42,502)
	<hr/>
At 31 March 2011	3,790,268
	<hr/> <hr/>

The investment properties were valued at 31 March 2011 by the directors, on the basis of vacant possession. The last independent valuation of the properties was undertaken by Savills LLP at 31 March 2010, on the basis of market value with vacant possession. On an historical cost basis they would be held recorded at a value of £3,596,619 (2010 £3,308,806).

**9. STOCKS**

	2011 £	2010 £
Work in progress	930,692	1,582,268
	<hr/>	<hr/>

**10. DEBTORS**

	2011 £	2010 £
Trade debtors	6,298	76,863
Prepayments and accrued income	3,973	63,238
Amounts due from Group parent and subsidiaries	-	118,170
	<hr/>	<hr/>
	10,270	258,271
	<hr/> <hr/>	<hr/> <hr/>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	58,170	2,216
Amounts owed to Group parent and subsidiaries	574,432	285,210
Corporation tax	6,805	18,562
Other creditors	2,498	23,065
Accruals and other deferred income	17,345	11,744
Loan from parent undertaking	-	1,107,900
	<hr/>	<hr/>
	659,250	1,448,698
	<hr/> <hr/>	<hr/> <hr/>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

2011	2010
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# Notes to the Financial Statements

31 March 2011

	£	£
Preference share capital (see below)	3,514,832	3,514,832
	<u>                    </u>	<u>                    </u>

## 13. SHARE CAPITAL

	2011 £	2010 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
4,500,000 preference shares of £1 each	4,500,000	4,500,000
	<u>4,500,100</u>	<u>4,500,100</u>
	<u>                    </u>	<u>                    </u>

	2011 £	2010 £
<b>Allotted and fully paid</b>		
16 ordinary shares of £1 each	16	16
3,514,832 preference shares of £1 each	3,514,832	3,514,832
	<u>3,514,848</u>	<u>3,514,848</u>
	<u>                    </u>	<u>                    </u>

The preference shares are non-cumulative, redeemable shares. The company is entitled to redeem the shares at any time. The holder of the shares has the option to redeem the shares twice yearly. The shares must be redeemed no later than 30 years after issue. Holders of preference shares are entitled to be paid a dividend of 4% annually, subject to recommendation by the board and approval of the dividend by the members under ordinary resolution.

In the event of winding up of the company the assets of the company are available for distribution amongst the members including the holders of the preference shares.

## 14. RESERVES

<b>Revaluation</b>	<b>Profit</b>	<b>Total</b>
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## Notes to the Financial Statements

31 March 2011

	reserve £	and loss account £	reserves £
At 1 April 2010	236,151	419,443	655,594
Retained profit for the year	-	25,452	25,452
Deficit on revaluation of properties	(42,502)	-	(42,502)
	<hr/>	<hr/>	<hr/>
At 31 March 2011	193,649	444,895	638,544
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**15. RELATED PARTY TRANSACTIONS**

The ordinary share capital of the company is owned 12.5% by Westlea Housing Association ('Westlea'), 12.5% by Oxford Citizens Housing Association ('OCHA') and 75% by GreenSquare Group Limited ('GreenSquare')

During the year, the company undertook the following transactions, and had the following balances with these organisations:-

	Westlea		OCHA		GreenSquare	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Purchases from	364,572	79,460	-	-	132,977	176,133
Sales to	1,665,840	58,050	6,585	4,381	-	-
Amounts due to	162,830	-	30,178	36,763	381,424	248,447
Amounts due from	-	118,170	-	-	-	-

**16. POST BALANCE SHEET EVENT**

On 19 July 2011 OEL acquired 100% of the share capital of GW Sparrow & Co Limited, a gas servicing and installation company for £1.5million. All the assets and liabilities were transferred into OEL and it became a wholly-owned subsidiary company.

**17. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is GreenSquare Group Limited which is registered in England and Wales as an Industrial & Provident Society and registered social landlord.

Copies of its Group accounts are available from the registered offices of GreenSquare Group Limited.

**The following pages do not form part of the audited statutory financial statements and are for management purposes only**

# Profit and Loss Account

for the year ended 31 March 2011

For directors' use only

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Property rental income	194,351	178,102
Outright sales	1,582,268	-
Agency services Income	23,825	134,482
Other Income	40,882	36,751
	<hr/>	<hr/>
	1,841,326	349,335
	<hr/>	<hr/>
<b>Cost of sales</b>		
Operating costs	53,390	53,921
Outright sale – cost of sales	1,582,268	809
Agency services – cost of sales	24,833	67,819
	<hr/>	<hr/>
<b>Gross profit</b>	180,835	226,786
<b>Overheads</b>		
Administration expenses	145,073	132,759
	<hr/>	<hr/>
<b>Operating profit</b>	35,762	94,027
Interest receivable	949	1,948
Interest payable	4,454	11,644
	<hr/>	<hr/>
<b>Profit before taxation</b>	32,257	84,331
	<hr/> <hr/>	<hr/> <hr/>

## Summary of Overheads

for the year ended 31 March 2011

For directors' use only

	2011 £	2010 £
<b>Administration expenses</b>		
Advertising and Marketing	(859)	-
Bank charges	(304)	(293)
Admin staff	(21,739)	(17,212)
Management fees	(101,930)	(102,297)
Legal and professional fees	(17,241)	(9,958)
Depreciation and Amortisation	(3,000)	(3000)
Sundry property expenses		
	_____	_____
	(145,073)	(132,759)
	=====	=====



**Oakus Estates Limited**

**Registered Office** Barbury House, Stonehill Green, Westlea, Swindon SN5 7HB • [www.oakus.co.uk](http://www.oakus.co.uk)

Registered as a private limited company in England & Wales, number 3861414 • Part of GreenSquare Group Limited



**business for neighbourhoods**

