

OU PROPERTIES (WALTON DRIVE) LIMITED

Company Registration Number 4461493

FINANCIAL STATEMENTS

for the year ended 31 July 2006

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OU PROPERTIES (WALTON DRIVE) LIMITED

FINANCIAL STATEMENTS for the year ended 31 July 2006

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OU PROPERTIES (WALTON DRIVE) LIMITED

DIRECTOR'S REPORT for the year ended 31 July 2006

The Director submits the annual report and the audited financial statements of the Company for the year ended 31 July 2006

Principal Activities

The charitable objects of the Company are the advancement of education by the provision of assistance and benefit for the educational purposes of The Open University

On 31 July 2002 the Company purchased the Michael Young building, Walton Drive, Milton Keynes, and has leased part to Open University Worldwide Limited and allowed The Open University to occupy the remainder of the property at no cost

Results

The loss on ordinary activities for the year ended 31 July 2006 amounted to £192,045 (period ended July 2005 a loss of £180,216) The Company is able to meet all its liabilities for the foreseeable future as future rental receipts exceed projected payments

Statement of Director's responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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 The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Director confirms that suitable accounting policies have been used and applied consistently The Director also confirms that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2006 and that applicable accounting standards have been followed

The Director is responsible for keeping proper accounting records that 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 1985 The Director is 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

In relation to the OU Properties (Walton Drive) financial statements published on the Open University's website, the Open University's management is responsible to Council for the maintenance and integrity of the Open University website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors

The Open University is the only Director of the Company and served throughout the year

The Open University holds 9,680,000 ordinary shares of £1 in OU Properties (Walton Drive) Limited

Annual General Meeting

In accordance with section 252(1) of the Companies Act 1985, the Company has passed a resolution electing to dispense with the obligation to lay accounts and reports before the Company in a general meeting In accordance with section 366A(1) of the Companies Act 1985, the Company has passed a resolution electing to dispense with the obligation to hold annual general meetings

OU PROPERTIES (WALTON DRIVE) LIMITED

DIRECTOR'S REPORT for the year ended 31 July 2006 (continued)

Statement of Disclosure to Auditors

So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware

The Director has taken all the steps that it ought to have taken as a director in order to make itself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

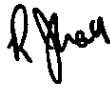
In accordance with section 386(1) of the Companies Act 1985, the Company has passed a resolution electing to dispense with the obligation to appoint auditors annually

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as Auditors

By order of the Board on 27 October 2006

Secretary

R J Hall



Address

OU Properties (Walton Drive) Limited
PO Box 77
Walton Hall
Milton Keynes
MK7 6HX

OU PROPERTIES (WALTON DRIVE) LIMITED

INDEPENDENT AUDITORS' REPORT to the members of OU Properties (Walton Drive) Limited

We have audited the financial statements of OU Properties (Walton Drive) Limited for the year ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OU PROPERTIES (WALTON DRIVE) LIMITED

**INDEPENDENT AUDITORS' REPORT to the members of OU Properties (Walton Drive) Limited
(continued)**

Opinion

In our opinion

- a the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2006 and of its loss and cash flows for the year then ended,
- b the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- c the information given in the Director's Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Milton Keynes

27 October 2006

OU PROPERTIES (WALTON DRIVE) LIMITED

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards

2 Cash Flow Statement

The Company is a wholly-owned subsidiary of The Open University and is included in the consolidated financial statements of The Open University which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of the Financial Reporting Standard 1 Cash Flow Statements (revised 1996)

3 Land and buildings

Land and buildings held at 31 July 2006 are shown at cost

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of 40 years. Where buildings have a major refurbishment to adapt them for another use or extend their original useful life the refurbishment cost is depreciated over their revised expected useful lives, which is a maximum of 40 years from date of the adaptation. Minor refurbishments to buildings are depreciated over the remaining expected useful life of the building, with a maximum period of 10 years.

The company has not adopted a policy of annual revaluations. However, the carrying values of assets are subject to impairment reviews as set out in Financial Reporting Standard 11, Impairment of Fixed Assets and Goodwill.

4 Maintenance of premises

Part of the premises are let on a full repairing lease with provision for full reinstatement on termination of the lease in 2023. Consequently no provision has been made in the Company's accounts for future maintenance liabilities.

5. Taxation status

The Company is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the Company is potentially exempt in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

6. Turnover

Turnover represents rental income receivable. The rental operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

OU PROPERTIES (WALTON DRIVE) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 July 2006

	<i>Note</i>	Year Ended 31 July 2006 £	Year Ended 31 July 2005 £
Turnover		90,225	84,550
Cost of sales		<u>(244,891)</u>	<u>(244,891)</u>
Gross loss		(154,666)	(160,341)
Administrative expenses	1	<u>(47,320)</u>	<u>(28,168)</u>
Operating loss for the financial year	2	(201,986)	(188,509)
Interest receivable	3	<u>9,941</u>	<u>8,293</u>
Loss for the financial year	8	<u>(192,045)</u>	<u>(180,216)</u>

There are no material differences between the loss on ordinary activities and the loss for the year stated above and their historical cost equivalents

There are no recognised gains and losses in the period other than the results disclosed above, which are all in respect of continuing operations

The accounting policies on page 6 and the notes on pages 9 and 10 form part of these financial statements

OU PROPERTIES (WALTON DRIVE) LIMITED

BALANCE SHEET as at 31 July 2006

	<i>Note</i>	As at 31 July 2006 £	As at 31 July 2005 £
FIXED ASSETS			
Tangible assets	4	<u>8,700,436</u>	<u>8,945,327</u>
CURRENT ASSETS			
Debtors	5	5,149	24,681
Cash at bank and in hand		358,899	205,811
CURRENT LIABILITIES			
Creditors amounts falling due within one year	6	<u>81,710</u>	<u>1,000</u>
NET CURRENT ASSETS		<u>282,338</u>	<u>229,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,982,774</u>	<u>9,174,819</u>
CAPITAL AND RESERVES			
Called up share capital	7	9,680,000	9,680,000
Profit and loss account	8	<u>(697,226)</u>	<u>(505,181)</u>
Equity shareholder's funds	8	<u>8,982,774</u>	<u>9,174,819</u>

The financial statements on pages 6 to 10 were approved by The Open University as Director on 27 October 2006

and signed on its behalf by



M S HEDGES

Acting as Trustee for the Director

The notes on pages 9 and 10 form part of these financial statements

OU PROPERTIES (WALTON DRIVE) LIMITED

NOTES TO THE ACCOUNTS

	Year Ended 31 July 2006 £	Year Ended 31 July 2005 £
1 Administrative expenses		
Bank charges	29	-
Other	47,291	28,168
	<u>47,320</u>	<u>28,168</u>
2 Operating loss		
Operating loss is stated after charging/ crediting		
- Auditors' remuneration	900	800
- Rental receivable under operating leases	(80,000)	(80,000)
- Depreciation	244,891	244,891
	<u></u>	<u></u>
3 Interest receivable		
Bank Interest	9,941	8,293
	<u></u>	<u></u>
4 Tangible assets		
Cost: Land and Buildings		
At 1 August 2005 and at 31 July 2006	<u>9,680,000</u>	
Depreciation		
At 1 August 2005	734,673	
Charge for the year	244,891	
At 31 July 2006	<u>979,564</u>	
Net book amount at 31 July 2006	<u><u>8,700,436</u></u>	
Net book amount at 31 July 2005		<u><u>8,945,327</u></u>

OU PROPERTIES (WALTON DRIVE) LIMITED

NOTES TO THE ACCOUNTS (continued)

	As at 31 July 2006 £	As at 31 July 2005 £
5 Debtors - amounts falling due within one year		
Amounts due from group undertakings	-	19,565
VAT Recoverable	4,812	4,637
Other debtors	337	479
	<u>5,149</u>	<u>24,681</u>
6 Creditors - amounts falling due within one year		
Amounts due to group undertakings	79,781	-
Other creditors	1,929	1,000
	<u>81,710</u>	<u>1,000</u>
7 Called up share capital		
Authorised share capital of ordinary shares of £1 each	10,000,000	10,000,000
Ordinary shares of £1 called up, issued and fully paid	9,680,000	9,680,000
8 Reconciliation of movement in shareholder's funds		
	Share Capital	Profit and Loss Account
	£	£
At 1 August 2005	9,680,000	(505,181)
Loss for the year	-	(192,045)
At 31 July 2006	<u>9,680,000</u>	<u>(697,226)</u>
9 Parent undertaking		
The ultimate parent undertaking and the parent undertaking of the largest and the smallest group for which group accounts are prepared is The Open University. Copies of these accounts can be obtained from The Open University, Walton Hall, Milton Keynes, MK7 6AA.		
10 Related parties or transactions		
The company has taken advantage of the exemption in FRS 8 - Related Party Transactions and has not disclosed transactions and balances with its parent undertaking.		