

Financial statements
Oakapple Group Limited
(formerly COBCO 768
Limited)

For the Period from 24 March 2006 to 31 August 2007



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COMPANIES HOUSE

Officers and professional advisers

Company registration number

5754827

Registered office

Oakapple House
1 John Charles Way
Leeds
LS12 6QA

Directors

P J Taylor
D H Marsh

Secretary

S M Kernyckj

Auditor

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

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Report of the directors

The directors present their report and the financial statements of the group for the period from 24 March 2006 to 31 August 2007.

Incorporation

The company was incorporated on 24 March 2006 and changed its name to Oakapple Group Limited on 30 June 2006. On 3 August 2006 a re-organisation of the ownership of the Oakapple companies occurred. Following this the company became the ultimate holding company for the Oakapple group of companies as detailed in note 12.

Principal activities and business review

The principal activity of the company during the year was that of a holding company. The principal activities of the group was property development and investment.

The Group exited from its construction business during the period. The majority of the loss for the period related to this area of the Group's operations.

The Group are confident that the existing projects being undertaken will be completed without serious reduction in profitability and that there are sufficient new projects in progress to enable the Group to trade profitably in the future.

Results and dividends

The loss for the period amounted to £1,117,605.

Financial risk management objectives and policies

The group is not exposed to any significant currency risks. The directors are satisfied that credit risk is adequately managed. Details of the Group's banking facilities are detailed in the accounting policy note.

Directors

The directors who served the company during the period were as follows:

Cobbetts (Directors) Limited
P J Taylor
D H Marsh
D J Ratcliffe

Cobbetts (Directors) Limited was appointed as a director on 24 March 2006.
P J Taylor was appointed as a director on 19 June 2006.
D H Marsh was appointed as a director on 19 June 2006.
D J Ratcliffe was appointed as a director on 19 June 2006.

Cobbetts (Directors) Limited resigned as a director on 19 June 2006.
D J Ratcliffe resigned as a director on 14 July 2006.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as auditors to fill a casual vacancy and offer themselves for reappointment as auditors.

ON BEHALF OF THE BOARD

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

P J Taylor
Director
30 January 2009



Report of the independent auditor to the members of Oakapple Group Limited (formerly COBCO 768 Limited)

We have audited the group and parent company financial statements ("the financial statements") of Oakapple Group Limited (formerly COBCO 768 Limited) for the period from 24 March 2006 to 31 August 2007 on pages 10 to 27. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Report of the independent auditor to the members of Oakapple Group Limited (formerly COBCO 768 Limited) (continued)

Basis of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 August 2007 and of the group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies concerning the group and the company's ability to continue as a going concern. One of the subsidiary's lenders is currently in administration which may mean a request for repayment of the loan in full. If this payment were demanded the Group will have to secure alternative funding to meet its liabilities as they fall due. This issue, along with the other matters explained in the accounting policies, indicate the existence of a material uncertainty which, were they to materialise, may cast significant doubt about the group and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LEEDS
30 January 2009

Accounting policies

Basis of accounting

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

The Group's business and activities are set out in the Report of the Directors on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position and development loan facilities are also disclosed.

The Group currently meets its day to day working capital requirements through the forward sale of its medical centre development pipeline. These sales allow the Group and its related parties to continue to operate within their available facilities. Any surplus cash is used to assist in financing the other development activities of the Group and other related parties. The timely delivery of financial close on these developments is critical to the ongoing success of the group.

The Group also has on demand development loan finance held in a number of subsidiary SPV companies which is secured against the properties under development held within these companies.

The board remains concerned about the current banking crisis and the negative effect this is having and may continue to have on the value of its property assets and its ability to carry out speculative property developments

If there is material slippage in the forecast receipts from the medical centre development pipeline, or loan balances owed by group companies or other related parties are called and not recoverable in full then the Group would have to seek alternative funding arrangements. The availability of alternative funding has not been ascertained.

The directors are continually reviewing the status of all the development loan facilities and based on these reviews the directors are not aware of any issues which would prevent the required facilities continuing, save for the development facility advanced to Oakapple Homes (Scarborough) Ltd by Kaupthing Singer Friedlander who are in administration. The directors are in advanced discussions over refinancing this facility.

The directors have also considered the trading position of related parties and do not foresee that this will give rise to any significant exposure to the Group.

Based on these reviews and the projected trading of the Group, the directors are of the opinion that the Group will have adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover represents the invoiced value of development projects, excluding value added tax, together with Long Term Work in Progress.

Long Term Work in Progress includes direct costs together with the proportion of profit attributable based on the stage of completion.

The turnover in respect of management charges represents amounts earned in the period in accordance with the relevant agreement.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 20% pa

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery - 15% pa straight line
Fixtures & fittings - 15% pa straight line
Motor vehicles - 25% pa straight line

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

Work in progress on construction contracts is valued at direct costs incurred together with a proportion of profit arising in relation to the stage of completion on each project, net of amounts invoiced.

Work in progress for property developments is valued at the lower of direct costs incurred in respect of plots unsold and net realisable value and is net of deposits received.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Profit and loss account

	Note	Period from 24 Mar 06 to 31 Aug 07 £
Group turnover	1	16,498,352
Cost of sales		13,426,089
Gross profit		3,072,263
Other operating charges	2	3,597,253
Other operating income	3	(133,345)
Operating loss	4	(391,645)
Attributable to:		
Operating profit before amortisation		388,125
Amortisation	10	(779,770)
		(391,645)
Interest receivable		43,237
Interest payable and similar charges	7	(837,160)
Loss on ordinary activities before taxation		(1,185,568)
Tax on loss on ordinary activities	8	(67,963)
Loss for the financial period	9	(1,117,605)

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the period as set out above.

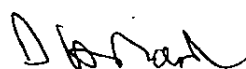
The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The accompanying accounting policies and notes form part of these financial statements.

Group balance sheet

	Note	31 Aug 07 £
Fixed assets		
Intangible assets	10	1,696,601
Tangible assets	11	1,040,335
Investments	12	1
		<u>2,736,937</u>
Current assets		
Stocks	13	9,391,650
Debtors	14	4,379,999
		<u>13,771,649</u>
Creditors: amounts falling due within one year	15	<u>11,692,705</u>
Net current assets		<u>2,078,944</u>
Total assets less current liabilities		<u>4,815,881</u>
Creditors: amounts falling due after more than one year	16	<u>3,295,513</u>
		<u>1,520,368</u>
Capital and reserves		
Called-up equity share capital	19	2,637,973
Profit and loss account	20	(1,117,605)
Shareholders' funds	21	<u>1,520,368</u>

These financial statements were approved by the directors and authorised for issue on 30 January 2009 and are signed on their behalf by:

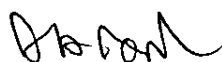


D H Marsh
 Director

Balance sheet

	Note	31 Aug 07 £
Fixed assets		
Investments	12	<u>3,071,211</u>
Current assets		
Debtors	14	<u>2,513,076</u>
Creditors: amounts falling due within one year	15	<u>1</u>
Net current assets		<u>2,513,075</u>
Total assets less current liabilities		<u>5,584,286</u>
Creditors: amounts falling due after more than one year	16	<u>1,923,000</u>
		<u>3,661,286</u>
Capital and reserves		
Called-up equity share capital	19	<u>2,637,973</u>
Profit and loss account	20	<u>1,023,313</u>
Shareholders' funds		<u>3,661,286</u>

These financial statements were approved by the directors and authorised for issue on 30 January 2009 and are signed on their behalf by:



D-H Marsh
 Director

Group cash flow

	Note	Period from 24 Mar 06 to 31 Aug 07 £
Net cash inflow from operating activities	22	11,315,626
Returns on investments and servicing of finance	22	(790,236)
Taxation	22	(697,609)
Capital expenditure and financial investment	22	121,748
Cash paid on acquisition of subsidiaries		(260,000)
Cash outflow before financing		9,689,529
Financing	22	(10,792,089)
Decrease in cash	22	<u>(1,102,560)</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	Period from 24 Mar 06 to 31 Aug 07 £
Construction	6,470,325
Property development	10,028,027
	<u>16,498,352</u>

2 Other operating charges

	Period from 24 Mar 06 to 31 Aug 07 £
Administrative expenses	2,817,483
Goodwill amortisation	779,770
	<u>3,597,253</u>

3 Other operating income

	Period from 24 Mar 06 to 31 Aug 07 £
Other operating income	<u>133,345</u>

4 Operating loss

Operating loss is stated after charging:

	Period from 24 Mar 06 to 31 Aug 07 £
Depreciation of owned fixed assets	92,224
Loss on disposal of fixed assets	8,075
Amortisation of goodwill	779,770
Auditor's remuneration:	
Audit fees	55,000
Tax compliance	21,500
Operating lease costs:	
Plant and equipment	199,646
Other	152,080

5 Particulars of employees

The average number of staff employed by the group during the financial period amounted to:

	Period from 24 Mar 06 to 31 Aug 07 No
Number of administrative staff	42
Direct staff	7
	<u>49</u>

The aggregate payroll costs of the above were:

	Period from 24 Mar 06 to 31 Aug 07 £
Wages and salaries	1,810,532
Social security costs	223,449
Other pension costs	119,111
	<u>2,153,092</u>

6 Directors

Remuneration in respect of directors was as follows:

	Period from 24 Mar 06 to 31 Aug 07 £
Emoluments receivable	<u>286,263</u>

Emoluments of highest paid director:

	Period from 24 Mar 06 to 31 Aug 07 £
Total emoluments (excluding pension contributions)	<u>184,623</u>

All directors remuneration was paid by subsidiary companies.

7 Interest payable and similar charges

	Period from 24 Mar 06 to 31 Aug 07 £
Interest payable on bank borrowing	833,473
Finance charges payable under finance leases and hire purchase agreements	<u>3,687</u>
	<u>837,160</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 24 Mar 06 to 31 Aug 07 £
Current tax:	
UK Corporation tax based on the results for the period at 30%	<u>(67,963)</u>
Total current tax	<u>(67,963)</u>

8 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

	Period from 24 Mar 06 to 31 Aug 07 £
Loss on ordinary activities before taxation	<u>(1,185,568)</u>
Loss on ordinary activities by rate of tax	(355,670)
Expenses not deductible for tax purposes	292,000
Capital allowances for period in excess of depreciation	25,000
Other timing differences	(84,000)
Other items	54,707
Total current tax (note 8(a))	<u>(67,963)</u>

9 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £1,023,313.

10 Intangible fixed assets

Group	Goodwill £
Cost	
Additions	2,476,371
At 31 August 2007	<u>2,476,371</u>
Amortisation	
Charge for the period	779,770
At 31 August 2007	<u>779,770</u>
Net book value	
At 31 August 2007	<u>1,696,601</u>

11 Tangible fixed assets

Group	Investment properties £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
Acquired with subsidiaries	929,427	388,267	87,735	160,262	1,565,691
Additions	809,575	—	5,903	14,455	829,933
Disposals	(830,503)	(101,225)	—	(138,714)	(1,070,442)
At 31 August 2007	<u>908,499</u>	<u>287,042</u>	<u>93,638</u>	<u>36,003</u>	<u>1,325,182</u>
Depreciation					
Acquired with subsidiaries	—	182,439	40,771	80,099	303,309
Charge for the period	—	60,121	13,390	18,713	92,224
On disposals	—	(35,546)	—	(75,140)	(110,686)
At 31 August 2007	<u>—</u>	<u>207,014</u>	<u>54,161</u>	<u>23,672</u>	<u>284,847</u>
Net book value					
At 31 August 2007	<u>908,499</u>	<u>80,028</u>	<u>39,477</u>	<u>12,331</u>	<u>1,040,335</u>

In the opinion of the directors the value of investment properties at 31 August 2007 equates to their cost.

Included within the net book value of £1,040,335 is £Nil relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £Nil.

12 Investments

Group

**Associated
undertakings
£**

Cost

At 24 March 2006 and 31 August 2007

1

Net book value

At 31 August 2007

1

At the year end the company held 33 1/3% of the issued share capital of Thorpe Hall Joint Ventures Limited. This company has been dormant since inception.

12 Investments (continued)

	Activity	Ownership	
Held by the company:			
Oakapple Construction Limited	Construction	100%	England & Wales
Oakapple Homes Limited	Holding company	100%	England & Wales
Oakapple Developments Limited	Holding company	100%	England & Wales
Oakapple Property Holdings Limited	Holding company	100%	England & Wales
Oakapple Primary Care Developments Limited	Property development	100%	England & Wales
Oakapple Estates Limited	Property development	100%	England & Wales
Oakapple Partnerships Limited	Property development	100%	England & Wales
Held by Oakapple Homes Limited:			
Oakapple Homes (Scarborough) Limited	Property Development	100%	England & Wales
Oakapple Homes (East)Limited	Holding Company	100%	England & Wales
Oakapple Homes (West)Limited	Property Development	100%	England & Wales
Oakapple Homes (Glossop) Limited	Property Development	100%	England & Wales
Held by Oakapple Developments Limited:			
Oakapple Homes (Apperley Lane)Limited	Property Development	100%	England & Wales
Oakapple Homes (Northfield Mills) Limited	Property Development	100%	England & Wales
Oakapple Homes (Hadleys)Limited	Property Development	100%	England & Wales
Oakapple Homes (Thongsbridge) Limited	Property Development	100%	England & Wales
Oakapple Homes (Luke Lane)Limited	Property Development	100%	England & Wales
Oakapple Homes (South Lodge Farm) Limited	Property Development	100%	England & Wales
Oakapple Homes (Cowling)Limited	Property Development	100%	England & Wales
Oakapple Homes (Allerton Park) Limited	Property Development	100%	England & Wales
Oakapple Investments Limited	Investment property	100%	England & Wales

All shares held are ordinary shares.

Company	Group companies £
Cost	
Additions	4,820,974
Disposals	(1,489,763)
At 31 August 2007	<u>3,331,211</u>
Amounts written off	
Written off in period	260,000
At 31 August 2007	<u>260,000</u>
Net book value	
At 31 August 2007	<u>3,071,211</u>

13 Stocks

	The group £	The company £
Long-term contract balances:		
Costs less provision for foreseeable losses	<u>9,391,650</u>	<u>—</u>

14 Debtors

	The group £	The company £
Trade debtors	397,415	—
Amounts owed by group undertakings	—	2,513,076
Other debtors	3,780,772	—
Prepayments and accrued income	201,812	—
	<u>4,379,999</u>	<u>2,513,076</u>

15 Creditors: amounts falling due within one year

	The group £	The company £
Bank loans and overdrafts	7,342,874	—
Trade creditors	2,474,637	—
Amounts owed to group undertakings	—	1
Other creditors	1,725,606	—
Accruals and deferred income	149,588	—
	<u>11,692,705</u>	<u>1</u>

Bank loans and overdrafts are secured by a fixed and floating charge over all the assets in the relevant company.

16 Creditors: amounts falling due after more than one year

	The group	The company
	£	£
Loan notes	1,923,000	1,923,000
Bank loans	1,372,513	—
	<u>3,295,513</u>	<u>1,923,000</u>

Bank loans are secured by a mortgage over the properties in the relevant company.

Loan notes have no fixed date for repayment and are secured by a charge over the property of a company under common control.

17 Commitments under operating leases

At 31 August 2007 the group had annual commitments under non-cancellable operating leases as set out below.

The group	Land and buildings 31 Aug 07 £
Operating leases which expire:	
After more than 5 years	<u>152,080</u>

18 Related party transactions

The company was controlled by P J Taylor throughout the year.

P J Taylor controls and is a director of, and D H Marsh is a director of the following companies with which related party transactions occurred during the year;

Oakapple Homes (Crossley House) Limited
 Oakapple Primary Care Properties (Armthorpe) Limited
 Oakapple Primary Care Properties (Fleetwood) Limited
 Oakapple Primary Care (Little Horton Lane) Limited
 Oakapple Primary Care (Ruabon) Limited
 Oakapple Estates (Sweet Street) Limited
 Oakapple Properties Limited
 Oakapple Retirement Homes Limited
 Oakapple Commercial Limited
 Oakapple Homes (Consett) Limited
 Oakapple Homes (Aire Valley) Limited

	2007 Debtor/ (creditor) £	2007 Sales/ (purchases) £
Oakapple Homes (Crossley House) Limited	(442,274)	—
Oakapple Primary Care Properties (Armthorpe) Limited	(12,130)	283,000
Oakapple Primary Care Properties (Fleetwood) Limited	127,223	737,000
Oakapple Primary Care Properties (Little Horton Lane) Limited	(44,916)	288,000
Oakapple Primary Care (Ruabon) Limited	42,201	—
Oakapple Estates (Sweet Street) Limited	305,823	—
Oakapple Properties Limited	372,935	—
Oakapple Retirement Homes Limited	(77,049)	—
Oakapple Commercial Limited	587,853	—
Oakapple Homes (Consett) Limited	(354,896)	—
Oakapple Homes (Aire Valley) Limited	215,415	—

19 Share capital

Authorised share capital:

	31 Aug 07
	£
2,637,973 Ordinary shares of £1 each	<u>2,637,973</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	<u>2,637,973</u>	<u>2,637,973</u>

During the year 2,637,973 ordinary shares of £1 each were issued at par in part consideration for the acquisitions described in note 23.

20 Reserves

Group	Profit and loss account £
Loss for the period	<u>(1,117,605)</u>
At 31 August 2007	<u>(1,117,605)</u>
 Company	 Profit and loss account £
Profit for the period	<u>1,023,313</u>
At 31 August 2007	<u>1,023,313</u>

21 Reconciliation of movements in shareholders' funds

	31 Aug 07 £
Loss for the financial period	<u>(1,117,605)</u>
New ordinary share capital subscribed	<u>2,637,973</u>
Net addition to shareholders' funds	<u>1,520,368</u>
Closing shareholders' funds	<u>1,520,368</u>

22 Notes to the statement of cash flows

**Reconciliation of operating loss to net cash inflow from
operating activities**

	Period from 24 Mar 06 to 31 Aug 07 £
Operating loss	<u>(391,645)</u>
Amortisation	<u>779,770</u>
Depreciation	<u>92,224</u>
Loss on disposal of fixed assets	<u>8,075</u>
Decrease in stocks	<u>5,409,137</u>
Decrease in debtors	<u>11,357,470</u>
Decrease in creditors	<u>(5,939,405)</u>
Net cash inflow from operating activities	<u>11,315,626</u>

22 Notes to the statement of cash flows (continued)

Returns on investments and servicing of finance

	Period from 24 Mar 06 to 31 Aug 07
	£
Interest received	43,237
Interest paid	(833,473)
Net cash outflow from returns on investments and servicing of finance	<u>(790,236)</u>

Taxation

	Period from 24 Mar 06 to 31 Aug 07
	£
Taxation	<u>(697,609)</u>

Capital expenditure

	Period from 24 Mar 06 to 31 Aug 07
	£
Payments to acquire tangible fixed assets	(829,933)
Receipts from sale of fixed assets	951,681
Net cash outflow from capital expenditure	<u>121,748</u>

Financing

	Period from 24 Mar 06 to 31 Aug 07
	£
Decrease in bank loans	<u>(10,792,089)</u>

22 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	31 Aug 07 £
Decrease in cash in the period	(1,102,560)
Net cash (inflow) from bank loans	(8,081,501)
Non-cash movements	(1,923,000)
Net cash on acquisition	469,094
	<u>(10,637,967)</u>
Change in net debt	(10,637,967)
Net funds at 24 March 2006	—
Net debt at 31 August 2007	<u>(10,637,967)</u>

Analysis of changes in net debt

	At 24 Mar 2006 £	Cash flows £	At 31 Aug 2007 £
Net cash:			
Overdrafts	—	(633,886)	(633,886)
Debt:			
Debt due within 1 year	—	(6,709,408)	(6,709,408)
Debt due after 1 year	—	(3,294,673)	(3,294,673)
	—	<u>(10,004,081)</u>	<u>(10,004,081)</u>
Net debt	—	<u>(10,637,967)</u>	<u>(10,637,967)</u>

23 Acquisitions and disposals

On 3 August 2006 Oakapple Group Limited acquired 100% of the share capital of the companies detailed in note 13 plus 100% of the share capital of Oakapple Homes (Crossley House) Limited and Oakapple Estates (Sweet Street) Limited. The assets acquired and consideration are detailed in the note below. In May 2007 the shareholdings in Oakapple Homes (Crossley House) Limited and Oakapple Estates (Sweet Street) Limited were disposed of (at cost) to Oakapple Commercial Limited a company under common control.

The acquisitions accounted for all the operating results and cash flows of the group.

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	Fair value and book value £
Tangible fixed assets	1,262,382
Investments	1
Stocks	14,800,787
Debtors	22,967,469
Cash	468,674
Creditors	(17,651,475)
Loans and finance leases	(18,873,590)
Other liabilities	(629,646)
	<u>2,344,602</u>
Goodwill acquired	<u>2,476,371</u>
Satisfied by:	
Consideration paid - Loan notes	1,923,000
Consideration paid - cash	260,000
Consideration paid - Fair value of shares issued	2,637,973
	<u>4,820,973</u>