

**REGISTERED NUMBER: 03702545 (England and Wales)**

**GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014  
FOR  
THAMESWEY LIMITED**

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for the Year Ended 31 December 2014**

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**THAMESWEY LIMITED**  
**COMPANY INFORMATION**  
**for the Year Ended 31 December 2014**

**DIRECTORS:** D J Spinks  
R N Morgan  
B M Maunders  
M Rolt  
R J Kingsbury  
S Barham  
T Price  
B Hunwicks  
W Prescott  
D J Bittleston  
G Cundy

**SECRETARY:** Clyde Secretaries Limited

**REGISTERED OFFICE:** The St Botolph Building  
138 Houndsditch  
London  
London  
EC3A 7AR

**REGISTERED NUMBER:** 03702545 (England and Wales)

**AUDITOR:** Hamlyns LLP  
Statutory Auditor and  
Chartered Accountants  
Sundial House  
High Street  
Horsell  
Woking  
Surrey  
GU21 4SU

**BANKERS:** National Westminster Bank Plc  
PO Box 358  
1 High Street  
Woking  
Surrey  
GU21 1ZS

**SOLICITORS:** Clyde & Co LLP  
The St Botolph Building  
138 Houndsditch  
London  
EC3A 7AR

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2014**

The directors present their strategic report of the company and the group for the year ended 31 December 2014.

**REVIEW OF BUSINESS**

**Energy generation**

During the year the Thameswey Group completed the £5m renewal project of its combined heat and power (chp) equipment in Woking. This is the first phase of a wider programme of renewal required in the Borough of Woking. The Group continues to seek new customer connections in both Woking and Milton Keynes. In Woking the electrical connections to the Peacocks shopping centre and the new UK headquarters of the World Wildlife Fund were completed in 2013 as well as electricity and heat supplies to Hollywood House for Skanska and this has contributed to an improvement in the gross profit margin. The solar business has continued delivering on its original objectives during its first 3 years of operation. A fire at the Goldwater Lodge in December 2012 resulted in a loss of revenue in 2013 and 2014 of approximately £25,000 (5.7%) and the facility has now been restored and is fully operational.

During 2014 the Thameswey Group saved 3,767 (2013: 3,246) tonnes of carbon dioxide emissions through the generation of energy across its sites. A further 434 tonnes were saved through the installation of energy efficiency measures in homes across Surrey via Action Surrey. Action Surrey has more recently enabled Woking Borough Council (WBC) as a leader of all Surrey's local authorities to apply for and be awarded funding of £2.5 million from the Government's Green Deal home energy efficiency programme. This will help over 600 households in Surrey install energy efficiency improvements including solid wall insulation so that they have warm, more energy efficient homes and better control of their energy bills. Surrey is one of just 24 local authorities to be awarded a share of £88 million from the Department of Energy and Climate Change (DECC) under its Green Deal Communities Scheme. These achievements constitute significant progress towards the Climate Change Strategy for Woking and WBC's vision for 2050.

**Housing & development**

The Group continued with plans to provide an economic stimulus to the Borough of Woking, completed the refurbishment of a bed and breakfast property, and recommenced with the purchase of street homes. With 24 homes purchased in the year the group now owns over 300 homes and a fully operational bed and breakfast facility for homeless people and families. The sale of the Hoe Valley land for £18.8m was completed in December 2013 allowing Thameswey Developments Ltd (TDL) to repay the loan from WBC in full. With the continued rise in property prices the Group revalued its housing stock and created a revaluation reserve in the housing company of £6.8m. This is double the company's accumulated trading losses.

**Joint Venture developments**

Through its joint venture arrangements with the Rutland Group the Walnut Tree Close site was sold for £1.9m and in the year which enabled the payment of a dividend of £100,000 being paid to Thameswey Developments Limited. The conversion of Westminster Court from offices to homes in Old Woking for redevelopment as affordable housing commenced in 2014 and will be completed later in 2015 before being purchased by Thameswey Housing Ltd.

**Low Carbon Communities**

The Group continued with the expansion of the low carbon homes and schools initiatives with the commencement of the Green Deal programme and has been successful in assisting Woking Borough Council (WBC) in securing two grants from the Department of Energy and Climate Change (DECC).

**New Activities**

In December 2014 a new company was formed called Woking Necropolis and Mausoleum Limited to acquire the Brookwood Cemetery. This is probably the most significant heritage asset in the Borough of Woking, a site of national significance and is in the English Heritage top ten of its register of sites at highest risk. Acquisition of the Cemetery was completed on 10th December 2014 and remedial works have commenced. The freehold property was professionally valued during 2014 and this resulted in the creation of a revaluation reserve of £3.87m.

**Finance and administration**

All assets and investments apart from the properties referred to above are held in the books at cost. The Directors believe that this is a true and fair representation of the assets and investments held by the Group.

The primary investment return to WBC from the Thameswey Group is via loan margins. In 2014 £5,143,813 (2013 £5,148,911) was paid to WBC in interest. Of this amount £1,540,020 (2013 £1,543,081) was the interest and risk margin for the benefit of WBC. In addition to this the Group pays business rates, rent and a licence fee to WBC.

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES**

There are a number of risks and uncertainties that can impact the performance of the Group, some of which are beyond the control of Thameswey and its Board. The Group's management closely monitor market trends and risks on an on-going basis. These trends and risks are discussed and considered in regular management and Board meetings where each business unit's performance is assessed against budget, forecast and prior year. An annual assessment of trends and risks is also an integral part of each business unit's annual review of its strategic plan and budget, which are submitted to the Group Board and Council for consideration and approval. A combination of all of this, in what is a bottom up and a top down approach, enables the Board to determine and assess the Group's risk environment.

The principal risks and uncertainties facing the Group are outlined below:

**COMMERCIAL RISK**

**Market conditions**

Thameswey's products and services are targeted at both the residential and non-residential (including retail, commercial, public sector and high-rise developments) sectors. As a result demand is dependent on activity levels within the local economy as well as changing weather trends. While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for the Group's products and services. The exposure to the cyclically of any one market is partially mitigated by the Group's diversification and the Group's portfolio of products and services, which are oriented towards sustainability and energy efficiency and income generating energy solutions. There is a risk that new connections to the Group's combined heat and power (chp) networks in Woking and central Milton Keynes are not forthcoming and that those businesses may not generate all profits included in the business plans. The Directors keep this under review and are confident that sufficient new connections will be achieved to generate reasonable investment returns.

**Competitive pressures**

There is little competitive pressure in each of the Group's markets in which it has a presence because of the price matching policies with the major energy providers but the Group makes every effort to optimise its cost base with competitive tendering wherever possible and practical.

**Customer credit risk**

As part of the overall service package Thameswey provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Each business unit has established procedures and credit control policies around managing its receivables and takes action where necessary. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at Board meetings at which the Group's Executive Directors are present. Control systems are in place to ensure that authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

**Disaster Recovery**

A key risk to Thameswey's business and its reputation is the potential for functional failure of an energy station. Alternative power sources are established at or near to all energy stations to ensure that service to the end user customers is not interrupted. Where solar power is generated all plant has an alternative power source for the customer in the event of failure and for night time requirements.

**Acquisition & development**

A key element of the Group's strategy is to grow the business through both broadening its product offering and increasing its housing portfolio. Such development has associated risks in terms of valuation, timing, integration / set-up and management resources. All investment proposals undergo a rigorous evaluation process incorporating due diligence and pay-back evaluation which targets medium and long term investment returns, in accordance with established criteria for approving investments. The housing model is predicated on the sustainability of 5% annual rental increases which in turn relies upon a rising property market over the medium term. The Group's management team are confident that the housing market will on average continue to rise over time as it has done historically. The housing model makes no assumptions on the potential benefit of increasing property prices.

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2014**

**Information technology and business continuity**

Thameswey uses a range of information technology and decision support systems across its business units for efficient processing of orders, control procedures and financial management. These systems are constantly reviewed and updated to meet the needs of the Group. Business continuity and disaster recovery planning is regularly assessed and tested to ensure the Group is adequately resourced and maintains an appropriately robust environment including preventative processes on cybercrime. This is further mitigated through consequential loss insurance and business continuity plans which are updated regularly.

**Human Resources**

People and teams and talent management are an integral part of Thameswey's business and are key to continuing progress at the Group. Competition for talent is significant both within the industry and beyond it. The Group attracts and retains its people through provision of on-going opportunity for career progress and training initiatives. Part of the Group's business is the generation of electricity and heat and some engineering staff operate and maintain high voltage energy stations and substations. Great care is taken to ensure that comprehensive Health and Safety procedures are followed by all staff and that plant is subject to regular inspections and certified by independent examiners.

**Legal & Regulatory Risk**

Thameswey has expanded significantly over the last 5 years and the Group closely monitors regulations across its markets to ensure any adverse impacts are minimised and managed. Certain changes are positive for the Group, in particular those pertaining to building and environment regulations which are becoming ever more stringent and harmonised across the world especially in Europe. More recently the Government has introduced grant aid for a number of the Group's sustainable and energy efficient projects such as solid wall insulation for older homes and has supported WBC and lead the development of Action Surrey to assist residents across the entire county at no cost to the tax payer.

**FINANCIAL & ECONOMIC RISKS**

**Funding and liquidity risks**

The Group operates a prudent approach to liquidity management using a mixture of long-term and short-term debt secured via WBC from the Public Works Loans Board (PWLB), cash and cash equivalents, to meet its liabilities when due. In addition, the Group ensures it has sufficient diversity and maturity in its funding base. The loans are arms length and WBC charges an interest margin on them to cover risk. The Group relies on the ongoing support from WBC who continues to provide all financing at no cost to the Council Tax payers.

**Interest rate risk**

Loans from the PWLB are at fixed rates of interest and this element is passed on to the Group which ensures that there is no exposure to changes in interest rates on borrowings. The Group pays varying interest margins on loans from WBC depending upon WBC's assessment of risk.

**Taxation**

The Group has accumulated tax losses so any subsidiary company owned 75% or higher which makes a taxable profit has been able to offset this against the losses brought forward. The 50% Joint Venture (JV) companies have been profitable and the Group's share of these profits has been relieved by way of consortium relief. Some corporation tax is payable because the JV partners do not always have sufficient tax losses to offset against their share of the tax liability.

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2014**

**SHARE CAPITAL**

Thameswey Limited issued the following ordinary shares of £1 each to WBC for the purposes listed below:

December 2014 2,000,000 shares for investment in Thameswey Housing Limited

The Board of Directors have previously authorised a further 4,000,000 shares as required by the Directors for investment in Thameswey Housing Limited.

**ON BEHALF OF THE BOARD:**

B M Maunders - Director

4 June 2015

**DIRECTORS' REPORT**  
**for the Year Ended 31 December 2014**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2014.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the furtherance of Woking Borough Council's energy and environmental objectives, to enable other Local Councils to participate in schemes which provide energy efficiency, its affordable housing objective through the provision of intermediate market rent properties and property development and investment.

**DIVIDENDS**

No dividends were distributed outside of the group for the year ended 31 December 2014 or 31 December 2013. Details of dividends paid between group companies can be found in the component company's financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

D J Spinks  
R N Morgan  
B M Maunders  
M Rolt  
R J Kingsbury  
S Barham  
T Price  
B Hunwicks  
W Prescott  
D J Bittleston  
G Cundy

Other changes in directors holding office are as follows:

S Bonsor - resigned 30 April 2014

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

**ON BEHALF OF THE BOARD:**

B M Maunders - Director

4 June 2015

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
for the Year Ended 31 December 2014**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMESWEY LIMITED**

We have audited the financial statements of Thameswey Limited for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

David Cooper (Senior Statutory Auditor)  
for and on behalf of Hamlyns LLP  
Statutory Auditor and  
Chartered Accountants  
Sundial House  
High Street  
Horsell  
Woking  
Surrey  
GU21 4SU

4 June 2015

**Note:**

The maintenance and integrity of the Thameswey Limited website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2014

	Notes	2014 £	2013 £
<b>TURNOVER</b>			
Group and share of joint ventures		18,879,076	50,238,439
Less:			
Share of joint ventures' turnover		(955,121)	(6,079,515)
<b>GROUP TURNOVER</b>		17,923,955	44,158,924
Cost of sales		12,293,195	38,482,961
<b>GROSS PROFIT</b>		5,630,760	5,675,963
Administrative expenses		3,808,414	3,716,198
		1,822,346	1,959,765
Other operating income	2	503,002	520,354
<b>GROUP OPERATING PROFIT</b>	4	2,325,348	2,480,119
Share of operating profit in Joint ventures		406,340	1,133,483
Interest receivable and similar income		68,045	41,822
		2,799,733	3,655,424
Interest payable and similar charges	5	5,394,075	5,154,753
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,594,342)	(1,499,329)
Tax on loss on ordinary activities	6	(19,515)	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(2,574,827)	(1,499,329)
Minority interest - equity		4,564	(23,214)
<b>DEFICIT FOR THE GROUP CARRIED FORWARD</b>		(2,579,391)	(1,476,115)

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the Year Ended 31 December 2014

	2014 £	2013 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(2,579,391)</b>	<b>(1,476,115)</b>
Unrealised surplus on revaluation of investment properties	<u>6,847,412</u>	<u>-</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><b>4,268,021</b></u>	<u><b>(1,476,115)</b></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

CONSOLIDATED BALANCE SHEET  
31 December 2014

	Notes	2014		2013	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	8		655,991		442,658
Tangible assets	9		40,745,150		38,047,526
Investments	10				
Interest in joint venture					
Share of gross assets			5,446,738		5,630,086
Share of gross liabilities			(4,633,810)		(5,033,976)
Investment property	11		62,180,629		48,550,969
			<u>104,394,698</u>		<u>87,637,263</u>
<b>CURRENT ASSETS</b>					
Stocks	12	19,408,992		795,835	
Debtors	13	6,242,693		15,263,378	
Investments	14	148,010		147,851	
Cash at bank and in hand		4,786,520		20,375,236	
			<u>30,586,215</u>		<u>36,582,300</u>
<b>CREDITORS</b>					
Amounts falling due within one year	15	22,417,039		20,297,946	
			<u>8,169,176</u>		<u>16,284,354</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>112,563,874</u>		<u>103,921,617</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(91,529,391)		(88,889,231)
<b>PROVISIONS FOR LIABILITIES</b>	19		(106,963)		(101,008)
<b>ACCRUALS AND DEFERRED INCOME</b>	20		(12,858,302)		(13,134,745)
<b>MINORITY INTERESTS</b>	21		(277,492)		(272,928)
<b>NET ASSETS</b>			<u><u>7,791,726</u></u>		<u><u>1,523,705</u></u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET - continued  
31 December 2014

	Notes	2014		2013	
		£	£	£	£
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		<b>18,718,231</b>		16,718,231
Revaluation reserve	23		<b>6,847,412</b>		-
Profit and loss account	23		<b>(17,773,917)</b>		(15,194,526)
			<u>                    </u>		<u>                    </u>
<b>SHAREHOLDERS' FUNDS</b>	26		<b>7,791,726</b>		1,523,705
			<u>                    </u>		<u>                    </u>

The financial statements were approved by the Board of Directors on 4 June 2015 and were signed on its behalf by:

R N Morgan - Director

**COMPANY BALANCE SHEET**  
**31 December 2014**

		2014		2013	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	8		-		-
Tangible assets	9		<b>50,805</b>		58,966
Investments	10		<b>19,269,965</b>		17,119,964
Investment property	11		-		-
			<u><b>19,320,770</b></u>		<u>17,178,930</u>
<b>CURRENT ASSETS</b>					
Debtors	13	<b>347,026</b>		237,227	
Cash at bank		<b>189,366</b>		107,106	
			<u><b>536,392</b></u>		<u>344,333</u>
<b>CREDITORS</b>					
Amounts falling due within one year	15	<b>33,594</b>		38,182	
			<u><b>502,798</b></u>		<u>306,151</u>
<b>NET CURRENT ASSETS</b>					
			<u><b>19,823,568</b></u>		<u>17,485,081</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u><b>19,823,568</b></u>		<u>17,485,081</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		<b>18,718,231</b>		16,718,231
Profit and loss account	23		<b>1,105,337</b>		766,850
			<u><b>19,823,568</b></u>		<u>17,485,081</u>
<b>SHAREHOLDERS' FUNDS</b>					
	26		<u><b>19,823,568</b></u>		<u>17,485,081</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 4 June 2015 and were signed on its behalf by:

R N Morgan - Director

CONSOLIDATED CASH FLOW STATEMENT  
for the Year Ended 31 December 2014

	Notes	2014		2013	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	27		<b>(9,738,550)</b>		23,140,242
<b>Returns on investments and servicing of finance</b>	28		<b>(5,326,030)</b>		(4,762,931)
<b>Capital expenditure and financial investment</b>	28		<b>(11,341,754)</b>		(8,046,424)
			<b>(26,406,334)</b>		10,330,887
<b>Financing</b>	28		<b>10,817,618</b>		7,145,383
<b>(Decrease)/increase in cash in the period</b>			<b>(15,588,716)</b>		17,476,270
<hr/>					
<b>Reconciliation of net cash flow to movement in net funds</b>	29				
(Decrease)/increase in cash in the period			<b>(15,588,716)</b>		17,476,270
Cash outflow from increase in liquid resources			<b>159</b>		195
Cash (inflow)/outflow from (increase)/decrease in debt			<b>(7,260,875)</b>		497,586
Change in net funds resulting from cash flows			<b>(22,849,432)</b>		17,974,051
<b>Movement in net funds in the period</b>			<b>(22,849,432)</b>		17,974,051
<b>Net funds/(debt) at 1 January</b>			<b>17,233,007</b>		(741,044)
<b>Net (debt)/funds at 31 December</b>			<b>(5,616,425)</b>		17,233,007

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the Year Ended 31 December 2014

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the continued financial support provided to the company and the group by the ultimate parent undertaking, Woking Borough Council.

The directors review and approve the business plan, which contain details of the financial support required from Woking Borough Council, for the company and each trading subsidiary company in July each year for the following 3 years with longer financial projections as appropriate which demonstrate that each company can repay its loans as they fall due and where appropriate give a return on the investment. The plans are then presented to the Executive of Woking Borough Council in September and the full Council in October for approval. Woking Borough Council members adopted the business plans covering the period 2015 to 2017 on 5th December 2014. The principal and earlier investment return to the Council is via loan margins. For these reasons the directors believe that it is appropriate to prepare the accounts on a going concern basis.

**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. 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.

**Joint ventures**

The group share of the profit or loss and group share of total assets less total liabilities of joint venture undertaking have been included in the consolidated financial statements.

**Turnover**

Turnover primarily represents net invoiced sales of goods and services, excluding VAT.

Income arising from long-term contracts is recognised only where the final outcome can be assessed with reasonable certainty, by including turnover and related costs in the profit and loss account as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Where a loss is expected on the contract as a whole it will be recognised as soon as it is foreseen.

Rent received in respect of residential letting of the investment properties, is recognised on a time basis based on the period of rental in accordance with the term of the lease exclusive of VAT.

Income is broken down into its component parts and recognised in accordance with Financial Reporting Standard number 5, application note G.

**Goodwill**

Goodwill arising on consolidation is amortised evenly over 10 years. The directors carry out annual impairment reviews and adjust where necessary.

**Intangible fixed assets**

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer software - 12.5% on cost

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- Straight line over 60 years and not provided
Short leasehold	- over remaining term of lease
Motor Vehicles	- Straight line over 4 years and Straight line over 50 years
Plant and machinery	- 20% on reducing balance, Straight line over 24 years, Straight line over 60 years, Straight line over 30 years, Straight line over 20 years and Straight line over 40 years
Fixtures and fittings	- 33% on reducing balance, 25% on cost, 15% on reducing balance, 10% on cost, Straight line over 2 years, Straight line over 3 years and Straight line over 4 years
Computer equipment	- 25% on cost and 25% on reducing balance

Finance costs which are directly attributable to the construction of fixed assets are capitalised as part of the costs of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the assets are incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when the construction of the asset has reached the stage of practical completion.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Government grants**

Government grants relating to fixed assets are treated as deferred income and released to the profit and loss account over the expected useful economic lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

**Investments**

Current asset investments are stated at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

2. OTHER OPERATING INCOME

	2014	2013
	£	£
Rents received	35,150	-
Contribution amortised	267,260	345,216
Grants amortised	200,592	175,138
	<u>503,002</u>	<u>520,354</u>

3. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	1,038,724	1,148,574
Social security costs	92,541	105,121
Other pension costs	79,136	61,481
	<u>1,210,401</u>	<u>1,315,176</u>

The average monthly number of employees during the year was as follows:

	2014	2013
Cost of sales	23	23
Administration	4	4
	<u>27</u>	<u>27</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£	£
Hire of plant and machinery	22,631	48,851
Other operating leases	132,829	23,096
Depreciation - owned assets	1,517,948	1,527,359
Loss on disposal of fixed assets	5,240	16,225
Goodwill amortisation	103,459	69,590
Computer software amortisation	21,902	17,926
Auditors' remuneration	3,350	3,750
Auditors' remuneration for non audit work	3,750	3,750
The auditing of accounts of any associate of the company	34,125	43,725
Other non- audit services	18,072	23,205
	<u>134,294</u>	<u>118,195</u>
Directors' remuneration	10,644	10,136
Directors' pension contributions to money purchase schemes		
	<u>10,644</u>	<u>10,136</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Of the total directors remuneration noted above, £93,154 was paid to company directors and £41,140 was paid to non-executive directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank interest	2	-
Other interest	5,392,312	5,149,821
Loan	-	4,932
Statutory interest	1,491	-
Leasing	270	-
	<u>5,394,075</u>	<u>5,154,753</u>

6. TAXATION

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	2014	2013
	£	£
Current tax:		
UK corporation tax	(2,432)	-
Under\over provision prior year	3,203	-
Total current tax	<u>771</u>	-
Deferred tax	<u>(20,286)</u>	-
Tax on loss on ordinary activities	<u>(19,515)</u>	-

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £338,487 (2013 - £(42,191) loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2014	1,550,162	141,368	1,691,530
Additions	338,694	-	338,694
At 31 December 2014	<u>1,888,856</u>	<u>141,368</u>	<u>2,030,224</u>
<b>AMORTISATION</b>			
At 1 January 2014	1,140,358	108,514	1,248,872
Amortisation for year	103,459	21,902	125,361
At 31 December 2014	<u>1,243,817</u>	<u>130,416</u>	<u>1,374,233</u>
<b>NET BOOK VALUE</b>			
At 31 December 2014	<u>645,039</u>	<u>10,952</u>	<u>655,991</u>
At 31 December 2013	<u>409,804</u>	<u>32,854</u>	<u>442,658</u>

9. TANGIBLE FIXED ASSETS

Group

	Buildings £	Short leasehold £	Motor Vehicles £	Plant and machinery £
<b>COST</b>				
At 1 January 2014	2,391,992	80,363	46,657	40,004,102
Additions	4,037,491	-	7,920	230,311
Disposals	-	-	-	(1,403,677)
Reclassification/transfer	-	-	-	5,400,264
At 31 December 2014	<u>6,429,483</u>	<u>80,363</u>	<u>54,577</u>	<u>44,231,000</u>
<b>DEPRECIATION</b>				
At 1 January 2014	320,495	7,144	43,207	9,114,218
Charge for year	41,103	8,143	2,635	1,410,964
Eliminated on disposal	-	-	-	(468,540)
At 31 December 2014	<u>361,598</u>	<u>15,287</u>	<u>45,842</u>	<u>10,056,642</u>
<b>NET BOOK VALUE</b>				
At 31 December 2014	<u>6,067,885</u>	<u>65,076</u>	<u>8,735</u>	<u>34,174,358</u>
At 31 December 2013	<u>2,071,497</u>	<u>73,219</u>	<u>3,450</u>	<u>30,889,884</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

## 9. TANGIBLE FIXED ASSETS - continued

## Group

	Assets under construction £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2014	4,902,674	179,682	42,133	47,647,603
Additions	806,086	58,074	17,225	5,157,107
Disposals	-	(8,099)	(9,322)	(1,421,098)
Reclassification/transfer	(5,400,264)	-	-	-
At 31 December 2014	<u>308,496</u>	<u>229,657</u>	<u>50,036</u>	<u>51,383,612</u>
<b>DEPRECIATION</b>				
At 1 January 2014	-	95,037	19,976	9,600,077
Charge for year	-	45,862	9,241	1,517,948
Eliminated on disposal	-	(4,646)	(6,377)	(479,563)
At 31 December 2014	<u>-</u>	<u>136,253</u>	<u>22,840</u>	<u>10,638,462</u>
<b>NET BOOK VALUE</b>				
At 31 December 2014	<u>308,496</u>	<u>93,404</u>	<u>27,196</u>	<u>40,745,150</u>
At 31 December 2013	<u>4,902,674</u>	<u>84,645</u>	<u>22,157</u>	<u>38,047,526</u>

## Company

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2014 and 31 December 2014	<u>56,380</u>	<u>32,563</u>	<u>12,349</u>	<u>101,292</u>
<b>DEPRECIATION</b>				
At 1 January 2014	18,793	17,162	6,371	42,326
Charge for year	2,349	3,256	2,556	8,161
At 31 December 2014	<u>21,142</u>	<u>20,418</u>	<u>8,927</u>	<u>50,487</u>
<b>NET BOOK VALUE</b>				
At 31 December 2014	<u>35,238</u>	<u>12,145</u>	<u>3,422</u>	<u>50,805</u>
At 31 December 2013	<u>37,587</u>	<u>15,401</u>	<u>5,978</u>	<u>58,966</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

10. FIXED ASSET INVESTMENTS

**Group**

	Interest in joint venture £
<b>COST</b>	
At 1 January 2014	596,110
Share of profit/(loss)	<u>216,818</u>
At 31 December 2014	<u>812,928</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>812,928</u>
At 31 December 2013	<u>596,110</u>

**Interest in joint venture**

The group's aggregate share of joint ventures at the year end is as follows:

	2014 £	2013 £
Profit before tax	306,340	1,133,483
Taxation	(89,522)	(254,866)
Profit after tax	<u>216,818</u>	<u>878,617</u>
Share of assets		
Fixed assets	-	-
Current assets	5,446,738	5,630,247
Share of liabilities		
Share of liabilities due within one year	(833,810)	(1,234,137)
Share of liabilities due after one year or more	(3,800,000)	(3,800,000)
Share of net assets	<u>812,928</u>	<u>596,110</u>

**Company**

	Unlisted investments £
<b>COST</b>	
At 1 January 2014	17,119,964
Additions	<u>2,150,001</u>
At 31 December 2014	<u>19,269,965</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>19,269,965</u>
At 31 December 2013	<u>17,119,964</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

10. **FIXED ASSET INVESTMENTS - continued**

**Company**

The directors review and approve the business plans for each trading subsidiary company in July each year for the following 3 years with longer financial projections as appropriate which demonstrate that each company can repay its loans as they fall due and where appropriate give a return on the investment. The plans are then presented to the Executive of Woking Borough Council in September and the full Council in October for approval. Woking Borough Council members adopted the business plans covering the period 2015 to 2017 on 5th December 2014. The principal and earlier investment return to the Council is via loan margins. For these reasons the directors believe that it is appropriate to include these investments in the accounts at cost with no provision for impairment.

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**Thameswey Energy Limited**

Country of incorporation: England and Wales

Nature of business: Production of electricity and heat.

	%	2014	2013
Class of shares:	holding	£	£
£1 Ordinary 'Class B' Shares	100.00		
Aggregate capital and reserves		<b>1,669,384</b>	1,698,188
Loss for the year		<b>(28,804)</b>	(86,940)

Thameswey Energy Limited owns 100% of the share capital of Thameswey Central Milton Keynes Limited a company which produces electricity and heat and is incorporated in England and Wales.

**Thameswey Housing Limited**

Country of incorporation: England and Wales

Nature of business: Provision of affordable housing.

	%	2014	2013
Class of shares:	holding	£	£
£1 Ordinary Shares	100.00		
Aggregate capital and reserves		<b>15,471,228</b>	7,634,145
Loss for the year		<b>(1,010,329)</b>	(546,310)

During the year ended 31 December 2014 the company subscribed to a new share issue of 2,000,000 ordinary shares of £1 in Thameswey Housing Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

10. **FIXED ASSET INVESTMENTS - continued**

**Thameswey Maintenance Services Limited**

Country of incorporation: England and Wales

Nature of business: Maintenance of power installation.

	%		
Class of shares:	holding		
£1 Ordinary Shares	100.00		
		<b>2014</b>	2013
		£	£
Aggregate capital and reserves		<b>338,753</b>	307,457
Profit/(loss) for the year		<b>118,704</b>	(422,475)

During the year ended 31 December 2014 the company subscribed to a new share issue of 150,000 ordinary shares of £1 in Thameswey Maintenance Services Limited.

**Thameswey Sustainable Communities Limited**

Country of incorporation: England and Wales

Nature of business: Promoting energy efficiency.

	%		
Class of shares:	holding		
£1 Ordinary	100.00		
		<b>2014</b>	2013
		£	£
Aggregate capital and reserves		<b>285,023</b>	279,295
Profit for the year		<b>5,728</b>	9,274

**Thameswey Developments Limited**

Country of incorporation: England and Wales

Nature of business: Property Development

	%		
Class of shares:	holding		
£1 Ordinary	100.00		
		<b>2014</b>	2013
		£	£
Aggregate capital and reserves		<b>1,065,024</b>	1,180,399
Profit for the year		<b>309,625</b>	636,700

Thameswey Developments Limited has a 50% joint venture in Rutland (Woking) Limited, a property development company incorporated in England and Wales.

Thameswey Developments Limited has a 50% joint venture in Rutland Woking (Carthouse Lane) Limited, a property development company incorporated in England and Wales.

**Thameswey Guest House Limited**

Country of incorporation: England and Wales

Nature of business: Provision of bed and breakfast accommodation

	%	
Class of shares:	holding	
£1 Ordinary	100.00	
		<b>2014</b>
		£
Aggregate capital and reserves		<b>130,140</b>
Profit for the year		<b>70,140</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

10. **FIXED ASSET INVESTMENTS - continued**

**Thameswey Solar Limited**

Country of incorporation: England and Wales

Nature of business: Provision of solar photovoltaic panels.

	%	2014	2013
Class of shares:	holding	£	£
£1 Ordinary	75.00		
Aggregate capital and reserves		1,221,216	1,143,384
Loss for the year		(77,832)	(40,156)

**Woking Necropolis and Mausoleum Limited**

Country of incorporation: England and Wales

Nature of business: Holding Company

	%	2014
Class of shares:	holding	£
£1 Ordinary	100.00	
Aggregate capital and reserves		1

Woking Necropolis and Mausoleum Limited has a 99.98% interest in Brookwood Park Limited and Brookwood Cemetery Limited

**Rutland Woking (Westminster Court) Limited**

Country of incorporation: England & Wales

Nature of business: Property development

	%	2014
Class of shares:	holding	£
£1 Ordinary	75.00	
Aggregate capital and reserves		(111,673)
Loss for the year		(111,675)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

11. INVESTMENT PROPERTY

Group

	Total £
<b>COST OR VALUATION</b>	
At 1 January 2014	48,550,969
Additions	7,023,535
Disposals	(241,287)
Revaluations	6,847,412
	<u>62,180,629</u>
<b>NET BOOK VALUE</b>	
At 31 December 2014	<u>62,180,629</u>
At 31 December 2013	<u>48,550,969</u>

In accordance with Statements of Standard Accounting Practice 19, but contrary to the requirements of the Companies Act 2006, investment properties are not depreciated. Instead, they are reviewed annually by the directors and the carrying value adjusted to reflect the current market value. The directors consider this necessary in order to show a true and fair view.

Cost or valuation at 31 December 2014 is represented by:

	£
Valuation in 2014	6,847,412
Cost	55,333,217
	<u>62,180,629</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2014 £	2013 £
Cost	<u>55,333,217</u>	<u>48,550,969</u>

Investment properties were valued on an open market basis on 31 December 2014 by the directors.

12. STOCKS

	Group	
	2014 £	2013 £
Stocks	277,163	248,122
Work-in-progress	8,204,022	137,969
Completed residential units and land bank	<u>10,927,807</u>	409,744
	<u>19,408,992</u>	<u>795,835</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	853,204	10,999,195	27,557	73,483
Amounts owed by group undertakings	-	-	72,803	72,803
Amounts recoverable on contract	662,046	1,058,082	-	-
Other debtors	803,615	951,135	218,069	41,206
Deferred tax	18,318	254,867	-	-
Prepayments and accrued income	3,905,510	2,000,099	28,597	49,735
	<u>6,242,693</u>	<u>15,263,378</u>	<u>347,026</u>	<u>237,227</u>

14. CURRENT ASSET INVESTMENTS

	Group	
	2014	2013
	£	£
Short-term deposits	<u>148,010</u>	<u>147,851</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts (see note 17)	204,200	-	-	-
Other loans (see note 17)	588,712	543,326	-	-
Payments on account	3,056	38,447	-	-
Trade creditors	1,130,375	1,413,517	11,541	23,623
Amounts owed to group undertakings	16,330,081	10,152,623	907	907
Social security and other taxes	47,305	26,398	-	-
VAT	172,014	4,006,407	3,915	1,199
Other creditors	813,517	50,803	-	-
Deferred income	2,091,335	2,630,841	17,231	12,453
Accrued expenses	1,036,444	1,435,584	-	-
	<u>22,417,039</u>	<u>20,297,946</u>	<u>33,594</u>	<u>38,182</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2014	2013
	£	£
Other loans (see note 17)	9,758,043	2,746,754
Amounts owed to group undertakings	81,771,348	86,142,477
	<u>91,529,391</u>	<u>88,889,231</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

17. LOANS

Other loans

	2014	2013
	£	£
Amounts falling due within one year	588,712	543,326
Amounts falling due between one and five years	8,237,890	588,712
Amounts falling due after more than five years	1,520,153	2,158,042
	<u>10,346,755</u>	<u>3,290,080</u>

Loan facilities not exceeding £2,000,000 made available to Thameswey Central Milton Keynes Limited by Lombard North Central Plc are secured by a charge dated 2 June 2008 over two of the bank accounts in the name of Thameswey Energy Limited.

Amounts owed to group undertaking

	2014	2013
	£	£
Amounts falling due within one year	16,330,081	10,152,623
Amounts falling due between one and five years	6,160,430	5,550,598
Amounts falling due after more than five years	75,610,918	80,591,879
	<u>98,101,429</u>	<u>96,295,100</u>

A debenture was created on 24 March 2006 by Thameswey Central Milton Keynes Limited for securing £2,500,000 due to Woking Borough Council.

A loan of £3,440,000 from Woking Borough Council to Thameswey Housing Limited in 2005 is secured by a debenture dated 18 April 2008 giving charge on all assets of that company.

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2014	2013
	£	£
Bank loans	<u>204,200</u>	<u>-</u>

A loan of £204,200 from Barclays Bank plc to Brookwood Cemetery Limited is secured by a first charge over land held by that company

19. PROVISIONS FOR LIABILITIES

	Group	
	2014	2013
	£	£
Deferred tax	<u>5,955</u>	<u>-</u>
Other provisions	<u>101,008</u>	<u>101,008</u>
Aggregate amounts	<u>106,963</u>	<u>101,008</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

19. PROVISIONS FOR LIABILITIES - continued

Group	Deferred tax £
Accelerated capital allowances	5,955
Balance at 31 December 2014	<u>5,955</u>

20. ACCRUALS AND DEFERRED INCOME

	Group	
	2014 £	2013 £
Accruals and deferred income	7,134,155	7,421,628
Grants received from related undertakings	5,637,440	5,611,959
Grants from other bodies	86,707	101,158
	<u>12,858,302</u>	<u>13,134,745</u>

21. MINORITY INTERESTS

The minority interest represents the holding of 25% of Thameswey Solar Limited held by Total Gas Contracts Limited, 25% of Rutland Woking (Westminster Court) Limited, held by Rutland Properties Limited and 0.0166% of Brookwood Park Limited and Brookwood Cemetery Limited held by private individuals.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£	£
18,718,231	Ordinary	£1	<u>18,718,231</u>	<u>16,718,231</u>

2,000,000 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year.

23. RESERVES

Group	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2014	(15,194,526)	-	(15,194,526)
Deficit for the year	(2,579,391)		(2,579,391)
Revaluation in the year	-	6,847,412	6,847,412
At 31 December 2014	<u>(17,773,917)</u>	<u>6,847,412</u>	<u>(10,926,505)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

23. RESERVES - continued

Company

	Profit and loss account £
At 1 January 2014	766,850
Profit for the year	338,487
	<hr/>
At 31 December 2014	1,105,337
	<hr/> <hr/>

24. RELATED PARTY DISCLOSURES

During the year the following transactions took place all of which were conducted on an arms length basis.

Group

Group companies paid interest to Woking Borough Council £5,392,312 (2013 - £5,149,820) on loans charged at rates ranging from 3% to 7%.

Company

The company paid Woking Borough Council £10,000 (2013 - £10,000) in respect of a Trade Mark licence for the use of the trademark "Thameswey".

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Woking Borough Council.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2014 £	2013 £
Loss for the financial year	(2,579,391)	(1,476,115)
Other recognised gains and losses relating to the year (net)	6,847,412	-
New share capital subscribed	2,000,000	1,000,000
	<hr/>	<hr/>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>6,268,021</b>	<b>(476,115)</b>
Opening shareholders' funds	1,523,705	1,999,820
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>7,791,726</b>	<b>1,523,705</b>
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2014 £	2013 £
Profit/(loss) for the financial year	338,487	(42,191)
New share capital subscribed	2,000,000	1,000,000
Ordinary shares issued		
<b>Net addition to shareholders' funds</b>	<b>2,338,487</b>	957,809
Opening shareholders' funds	17,485,081	16,527,272
<b>Closing shareholders' funds</b>	<b>19,823,568</b>	17,485,081

27. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	2,325,348	2,480,119
Depreciation charges	1,643,309	1,614,876
Loss on disposal of fixed assets	5,240	16,225
(Increase)/decrease in stocks	(18,613,157)	24,972,807
Decrease/(increase) in debtors	8,870,205	(10,854,785)
(Decrease)/increase in creditors	(3,969,495)	4,911,000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(9,738,550)</b>	23,140,242

28. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	68,045	41,822
Interest paid	(5,393,805)	(5,154,753)
Interest element of hire purchase or finance lease rentals payments	(270)	-
Dividends received	-	350,000
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(5,326,030)</b>	(4,762,931)
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(338,694)	(8,724)
Purchase of tangible fixed assets	(5,157,107)	(3,605,299)
Purchase of investment property	(7,023,535)	(4,448,645)
Sale of tangible fixed assets	936,295	16,244
Sale of investment property	241,287	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(11,341,754)</b>	(8,046,424)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

28. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	2014 £	2013 £
<b>Financing</b>		
Loan repayments in year	-	(497,586)
Share issue	2,000,000	1,000,000
Woking Borough Council loans advances	28,727,442	7,505,000
Woking Borough Council loan repayments	(19,909,824)	(862,031)
<b>Net cash inflow from financing</b>	<b>10,817,618</b>	<b>7,145,383</b>

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.14 £	Cash flow £	At 31.12.14 £
Net cash:			
Cash at bank and in hand	20,375,236	(15,588,716)	4,786,520
	<u>20,375,236</u>	<u>(15,588,716)</u>	<u>4,786,520</u>
Liquid resources:			
Current asset investments	147,851	159	148,010
	<u>147,851</u>	<u>159</u>	<u>148,010</u>
Debt:			
Debts falling due within one year	(543,326)	(249,586)	(792,912)
Debts falling due after one year	(2,746,754)	(7,011,289)	(9,758,043)
	<u>(3,290,080)</u>	<u>(7,260,875)</u>	<u>(10,550,955)</u>
<b>Total</b>	<b>17,233,007</b>	<b>(22,849,432)</b>	<b>(5,616,425)</b>