

REGISTERED NUMBER: 05277300 (England and Wales)

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
THAMESWEY CENTRAL MILTON KEYNES LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2014**

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10

THAMESWEY CENTRAL MILTON KEYNES LIMITED

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

DIRECTORS:	D J Spinks M Rolt J P Thorp W Prescott Cllr R J Kingsbury Dr B M Maunders
SECRETARY:	Clyde Secretaries Limited
REGISTERED OFFICE:	The St Botolph Building 138 Houndsditch London EC3A 7AR
REGISTERED NUMBER:	05277300 (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

DIRECTORS' REPORT
for the Year Ended 31 December 2014

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of building, financing and operating combined heat and power plant for the production and supply of electricity, heat and cooling.

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
J P Thorp
W Prescott
Cllr R J Kingsbury
Dr B M Maunders

Other changes in directors holding office are as follows:

M Rolt - appointed 15 May 2014
S Bonsor - resigned 30 April 2014

The board of directors must be comprised of both elected members of Woking Borough Council and executive officers of Woking Borough Council. In addition there must be one non-executive director who is neither an elected member of Woking Borough Council or employee of the council who is referred to as an independent non-executive director.

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 company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

W Prescott - Director

21 May 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMESWEY CENTRAL MILTON KEYNES LIMITED

We have audited the financial statements of Thameswey Central Milton Keynes Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the 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 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 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 company's affairs as at 31 December 2014 and of its 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 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 CENTRAL MILTON KEYNES 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

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

21 May 2015

Note:

The maintenance and integrity of the Thameswey Central Milton Keynes 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.

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER		3,216,320	3,660,773
Cost of sales		<u>2,282,743</u>	<u>2,550,218</u>
GROSS PROFIT		933,577	1,110,555
Administrative expenses		<u>1,344,337</u>	<u>1,332,646</u>
		(410,760)	(222,091)
Other operating income		<u>267,260</u>	<u>345,216</u>
OPERATING (LOSS)/PROFIT	3	(143,500)	123,125
Interest receivable and similar income		<u>1,684</u>	<u>3,106</u>
		(141,816)	126,231
Interest payable and similar charges		<u>1,642,459</u>	<u>1,584,602</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,784,275)	(1,458,371)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,784,275)</u>	<u>(1,458,371)</u>

CONTINUING OPERATIONS

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

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

	2014 £	2013 £
LOSS FOR THE FINANCIAL YEAR	(1,784,275)	(1,458,371)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(1,784,275)	(1,458,371)
Prior year adjustment		131,679
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		(1,326,692)

BALANCE SHEET
31 December 2014

	Notes	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		20,259,248		20,875,183
CURRENT ASSETS					
Stocks		120,948		96,963	
Debtors	6	893,121		1,211,042	
Cash at bank		183,194		337,455	
			1,197,263		1,645,460
CREDITORS					
Amounts falling due within one year	7	1,865,100		1,783,349	
NET CURRENT LIABILITIES			(667,837)		(137,889)
TOTAL ASSETS LESS CURRENT LIABILITIES			19,591,411		20,737,294
CREDITORS					
Amounts falling due after more than one year	8		(23,682,683)		(22,777,030)
ACCRUALS AND DEFERRED INCOME	10		(6,634,676)		(6,901,937)
NET LIABILITIES			(10,725,948)		(8,941,673)
CAPITAL AND RESERVES					
Called up share capital	11		1,110,000		1,110,000
Profit and loss account	12		(11,835,948)		(10,051,673)
SHAREHOLDERS' FUNDS	15		(10,725,948)		(8,941,673)

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 21 May 2015 and were signed on its behalf by:

M Rolt - Director

CASH FLOW STATEMENT
for the Year Ended 31 December 2014

	Notes	2014		2013	
		£	£	£	£
Net cash inflow from operating activities	16		604,481		787,798
Returns on investments and servicing of finance	17		(1,640,775)		(1,581,496)
Capital expenditure	17		(139,174)		(134,752)
			(1,175,468)		(928,450)
Financing	17		1,021,207		1,082,454
(Decrease)/increase in cash in the period			(154,261)		154,004

Reconciliation of net cash flow to movement in net debt

	18				
(Decrease)/increase in cash in the period			(154,261)		154,004
Cash outflow from decrease in debt			543,325		497,586
Change in net debt resulting from cash flows			389,064		651,590
Movement in net debt in the period			389,064		651,590
Net debt at 1 January			(2,952,625)		(3,604,215)
Net debt at 31 December			(2,563,561)		(2,952,625)

NOTES TO THE 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.

The going concern basis adopted for preparing the financial statements is contingent upon the continued financial support of the company's ultimate parent undertaking.

The directors agree and recommend for approval by Woking Borough Council a business plan in July each year for the following three years with financial projections to 2051 which demonstrate that the company can repay its loans and give a return on the investment. The plan is then presented to the Council's Executive in September and the full Council in October for approval. Woking Borough Council members adopted the business plan covering the period 2015 to 2018 in October 2014 which shows that loans will be repaid in 2051 and with a return on investment of 5.6% per annum over the period of the plan. The principal investment return to Woking Borough Council will be achieved via loan margins. For these reasons the directors believe that it is appropriate to prepare the accounts on a going concern basis.

As at 31st December 2014 the company's ultimate parent undertaking is Woking Borough Council. Assurances have been obtained from this parent undertaking that continued financial support will be made available, as required, to ensure that liabilities can be met as they fall due and also that the company has adequate funds to continue its activities.

Turnover

Turnover represents the net invoiced sales of services, excluding value added tax.

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

Tangible fixed assets

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

Land and buildings	- Straight line over 60 years
Plant and machinery etc	- Straight line over 30 years and Straight line over 60 years

The company capitalises all directly attributable costs relating to the purchase or construction of a fixed asset.

The directors undertake an annual impairment review in order to consider whether any tangible fixed asset are impaired.

Stocks

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

Deferred tax

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they are based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Interest capitalisation

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset 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.

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

2. DIRECTORS' EMOLUMENTS

	2014	2013
	£	£
Directors' remuneration and other benefits etc	<u>9,822</u>	<u>11,266</u>

Directors remuneration relates to fees paid to the independent non-executive director. An explanation of the composition of the board of directors can be found in the directors' report.

3. OPERATING (LOSS)/PROFIT

The operating loss (2013 - operating profit) is stated after charging:

	2014	2013
	£	£
Depreciation - owned assets	755,109	753,895
Auditors' remuneration	<u>8,500</u>	<u>9,000</u>

4. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to pre-trading expenses, accelerated capital allowances and trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2,166,661 (2013: £1,825,985). The asset would be recovered if there were sufficient suitable taxable profits against which this expense could be offset.

5. TANGIBLE FIXED ASSETS

	Buildings	Plant and machinery	Assets under construction	Totals
	£	£	£	£
COST				
At 1 January 2014	1,886,800	22,329,529	414,149	24,630,478
Additions	-	58,727	102,628	161,355
Disposals	-	(22,181)	-	(22,181)
	<u>1,886,800</u>	<u>22,366,075</u>	<u>516,777</u>	<u>24,769,652</u>
At 31 December 2014	1,886,800	22,366,075	516,777	24,769,652
DEPRECIATION				
At 1 January 2014	199,163	3,556,132	-	3,755,295
Charge for year	31,446	723,663	-	755,109
	<u>230,609</u>	<u>4,279,795</u>	<u>-</u>	<u>4,510,404</u>
At 31 December 2014	230,609	4,279,795	-	4,510,404
NET BOOK VALUE				
At 31 December 2014	<u>1,656,191</u>	<u>18,086,280</u>	<u>516,777</u>	<u>20,259,248</u>
At 31 December 2013	<u>1,687,637</u>	<u>18,773,397</u>	<u>414,149</u>	<u>20,875,183</u>

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

6.	DEBTORS		
		2014	2013
		£	£
	Amounts falling due within one year:		
	Trade debtors	121,019	421,830
	Amounts owed by group undertakings	132,356	132,356
	Other debtors	488,215	503,436
		<u>741,590</u>	<u>1,057,622</u>
	Amounts falling due after more than one year:		
	Amounts owed by group undertakings	<u>151,531</u>	<u>153,420</u>
	Aggregate amounts	<u>893,121</u>	<u>1,211,042</u>
7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2014	2013
		£	£
	Other loans (see note 9)	588,712	543,326
	Trade creditors	191,940	284,126
	Amounts owed to group undertakings	550,109	479,940
	Accruals and deferred income	534,339	475,957
		<u>1,865,100</u>	<u>1,783,349</u>
8.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
		2014	2013
		£	£
	Other loans (see note 9)	2,158,043	2,746,754
	Amounts owed to group undertakings	21,524,640	20,030,276
		<u>23,682,683</u>	<u>22,777,030</u>

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

9. LOANS

Other loans

	2014	2013
	£	£
Repayable within one year	588,712	543,326
Amounts falling due between one and two years	637,899	588,712
Amounts falling due between two and five years	1,520,153	1,917,776
	<u>3,290,080</u>	<u>3,787,666</u>

Loan facilities not exceeding £2,000,000 made available by Lombard North Central Plc to the company were secured by a charge dated 2 June 2008 over two of the bank accounts, the Operating Account and the Security Account owned by the company's parent company Thameswey Energy Limited.

Amounts owed to group undertaking

	2014	2013
	£	£
Repayable within one year	550,109	479,940
Amounts falling due between one and two years	590,847	515,228
Amounts falling due between two and five years	2,012,637	1,755,920
Amounts falling due after more than five years	18,921,156	17,759,128
	<u>22,074,749</u>	<u>20,510,216</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.

Amounts owed to group undertaking comprises loans from the ultimate parent undertaking Woking Borough Council. Interest is charged on the above loans at an annual interest rate of between 6% and 7%.

10. ACCRUALS AND DEFERRED INCOME

	2014	2013
	£	£
Accruals and deferred income	<u>6,634,676</u>	<u>6,901,937</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014	2013
			£	£
1,110,000	Ordinary	£1	<u>1,110,000</u>	<u>1,110,000</u>

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

12. RESERVES

	Profit and loss account £
At 1 January 2014	(10,051,673)
Deficit for the year	(1,784,275)
	<hr/>
At 31 December 2014	<u>(11,835,948)</u>

13. ULTIMATE PARENT COMPANY

The company's immediate parent company is Thameswey Limited, a company incorporated in England and Wales.

The company's ultimate parent undertaking is considered to be Woking Borough Council.

The largest group into which the company is consolidated is headed by Woking Borough Council, and the smallest group into which the company is consolidated is Thameswey Limited. Copies of both sets of group accounts are available from the Company Secretary, Clyde Secretaries Limited, The St Botolph Building, 138 Houndsditch, London, EC3A 7AR.

14. RELATED PARTY DISCLOSURES

The company's immediate parent company Thameswey Limited is 100% (2013 - 100%) owned by Woking Borough Council. Thameswey Limited owns the share capital of the following companies:

	2014	2013
Thameswey Energy Limited	100%	100%
Thameswey Housing Limited	100%	100%
Thameswey Sustainable Communities Limited	100%	100%
Thameswey Developments Limited	100%	100%
Thameswey Solar Limited	75%	75%
Thameswey Maintenance Services Limited	100%	100%
Woking Necropolis and Mausoleum Limited	100%	0%

Thameswey Energy Limited owns 100% (2013 - 100%) of Thameswey Central Milton Keynes Limited. Thameswey Housing Limited owns 98% (2013 - 98%) of Brunswick Road (Pirbright) Residents Company Limited, 100% (2013 - 100%) of Thameswey Guest Houses Limited and 50% (2013 - 0%) of Rutland Woking (Westminster Court) Limited. Thameswey Developments Limited owns 50% (2013 - 50%) of Rutland (Woking) Limited and 50% (2013 - 50%) of Rutland Woking (Carthouse Lane) Limited. Woking Necropolis and Mausoleum Limited owns 100% (2013 - 0%) of Brookwood Park Limited. Brookwood Park Limited owns 100% (2013 - 0%) of Brookwood Cemetery Limited.

Therefore, no transactions with these related parties are to be disclosed for either year under the provisions of Financial Reporting Standard number 8.

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

15.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2014	2013
		£	£
	Loss for the financial year	(1,784,275)	(1,458,371)
	Net reduction of shareholders' funds	(1,784,275)	(1,458,371)
	Opening shareholders' funds	(8,941,673)	(7,483,302)
	Closing shareholders' funds	(10,725,948)	(8,941,673)
16.	RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2014	2013
		£	£
	Operating (loss)/profit	(143,500)	123,125
	Depreciation charges	755,110	753,895
	Contribution amortised	(267,260)	(344,175)
	Increase in stocks	(23,985)	(20,264)
	Decrease in debtors	317,920	177,864
	(Decrease)/increase in creditors	(33,804)	97,353
	Net cash inflow from operating activities	604,481	787,798
17.	ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	2014	2013
		£	£
	Returns on investments and servicing of finance		
	Interest received	1,684	3,106
	Interest paid	(1,642,459)	(1,584,602)
	Net cash outflow for returns on investments and servicing of finance	(1,640,775)	(1,581,496)
	Capital expenditure		
	Purchase of tangible fixed assets	(161,355)	(134,752)
	Sale of tangible fixed assets	22,181	-
	Net cash outflow for capital expenditure	(139,174)	(134,752)
	Financing		
	New loans in year	2,050,000	2,000,000
	Loan repayments in year	(1,028,793)	(917,546)
	Net cash inflow from financing	1,021,207	1,082,454

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

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.14 £	Cash flow £	At 31.12.14 £
Net cash:			
Cash at bank	337,455	(154,261)	183,194
	<u>337,455</u>	<u>(154,261)</u>	<u>183,194</u>
Debt:			
Debts falling due within one year	(543,326)	(45,386)	(588,712)
Debts falling due after one year	(2,746,754)	588,711	(2,158,043)
	<u>(3,290,080)</u>	<u>543,325</u>	<u>(2,746,755)</u>
Total	<u>(2,952,625)</u>	<u>389,064</u>	<u>(2,563,561)</u>