

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
THAMESWEY LIMITED**

THAMESWEY LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2012**

| | Page |
|--|-------------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Report of the Independent Auditors | 4 |
| Profit and Loss Account | 6 |
| Balance Sheet | 7 |
| Cash Flow Statement | 8 |
| Notes to the Financial Statements | 9 |
| Trading and Profit and Loss Account | 19 |

THAMESWEY LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2012

DIRECTORS:

D J Spinks
R N Morgan
B M Maunders
M Rolt
S Bonsor
R J Kingsbury
S Barham
T Price
B Hunwicks
W Prescott
D J Bittleson

SECRETARY:

Clyde Secretaries Limited

REGISTERED OFFICE:

The St Botolph Building
138 Houndsditch
London
EC3A 7AR

REGISTERED NUMBER:

03702545 (England and Wales)

AUDITORS:

Hamlyns LLP
Chartered Accountants & Statutory Auditors
Sundial House
High Street
Horsell
Woking
Surrey
GU21 4SU

THAMESWEY LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2012

The directors present their report with the financial statements of the company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those 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 for investment.

REVIEW OF BUSINESS

During the year the Thameswey Group continued with the £5m renewal project of its combined heat and power (chp) equipment in Woking and the improvement of its chp businesses in both Woking and Milton Keynes. The Group continued with its plans to provide an economic stimulus to the Borough of Woking as well as to assist with housing needs by the purchase of 6 homes and a large property to refurbish as a bed and breakfast, the construction of 42 homes in Rydens Way, the expansion of the low carbon homes and schools programmes, commenced work on the Governments Green Deal initiative across Surrey and the launch of the Thameswey Solar business.

DIVIDENDS

No dividends were distributed for the year ended 31 December 2012.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

D J Spinks
R N Morgan
B M Maunders
M Rolt
S Bonsor
R J Kingsbury
S Barham
T Price

Other changes in directors holding office are as follows:

J P Thorp - resigned 27 February 2012
G Elson - appointed 27 January 2012 - resigned 11 September 2012
B Hunwicks - appointed 27 January 2012
R Wilson - appointed 27 January 2012 - resigned 23 May 2012
W Prescott - appointed 27 January 2012
D J Bittleson - appointed 30 July 2012

FIXED ASSET INVESTMENTS

X2WP Limited was put into Members Voluntary Liquidation on 31st July 2012.

SHARE CAPITAL

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

15th March 2012 - 887,015 - for investment in Thameswey Solar Limited. Thameswey now has a 75% shareholding in Thameswey Solar Limited.

23th July 2012 - 500,000 - for investment in Thameswey Energy Limited

21st December 2012 - 500,000 - for investment in Thameswey Energy Limited.

THAMESWEY LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial 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;
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

B M Maunders - Director

5 July 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THAMESWEY LIMITED

We have audited the financial statements of Thameswey Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 a Report of the Auditors 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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS 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, 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.

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

5 July 2013

THAMESWEY LIMITED

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2012**

| | Notes | 2012 | | 2011 | |
|--|-------|--------------|-----------------------|------------|----------------|
| | | £ | £ | £ | £ |
| TURNOVER | | | 367,032 | | 352,440 |
| Cost of sales | | | <u>312,355</u> | | <u>294,928</u> |
| GROSS PROFIT | | | 54,677 | | 57,512 |
| Administrative expenses | | | <u>99,483</u> | | <u>79,336</u> |
| OPERATING LOSS | 3 | | (44,806) | | (21,824) |
| Income from shares in group undertakings | | - | | 36,000 | |
| Interest receivable and similar income | | <u>4,109</u> | | <u>363</u> | |
| | | | <u>4,109</u> | | <u>36,363</u> |
| | | | (40,697) | | 14,539 |
| Exceptional items | 4 | | <u>(774,068)</u> | | <u>-</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 733,371 | | 14,539 |
| Tax on profit on ordinary activities | 5 | | <u>-</u> | | <u>-</u> |
| PROFIT FOR THE FINANCIAL YEAR | | | <u>733,371</u> | | <u>14,539</u> |

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

THAMESWEY LIMITED (REGISTERED NUMBER: 03702545)

BALANCE SHEET
31 December 2012

| | Notes | 2012 | | 2011 | |
|--|-------|----------------|-------------------|----------------|---------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 6 | | 77,908 | | 76,511 |
| Investments | 7 | | 15,711,704 | | 81,533,122 |
| | | | <u>15,789,612</u> | | <u>81,609,633</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 257,382 | | 635,975 | |
| Cash at bank | | 472,915 | | 294,183 | |
| | | <u>730,297</u> | | <u>930,158</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 9 | 65,440 | | 68,705,708 | |
| NET CURRENT ASSETS/(LIABILITIES) | | | <u>664,857</u> | | <u>(67,775,550)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>16,454,469</u> | | <u>13,834,083</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 15,718,231 | | 13,831,216 |
| Profit and loss account | 11 | | 736,238 | | 2,867 |
| SHAREHOLDERS' FUNDS | 14 | | <u>16,454,469</u> | | <u>13,834,083</u> |

The financial statements were approved by the Board of Directors on 5 July 2013 and were signed on its behalf by:

S Bonsor - Director

The notes on pages 9 to 18 form part of these financial statements

THAMESWEY LIMITED

**CASH FLOW STATEMENT
for the Year Ended 31 December 2012**

| | Notes | 2012 £ | 2011 £ |
|---|-------|-----------------------|-------------------------|
| Net cash inflow/(outflow) from operating activities | 15 | 202,345 | (249,234) |
| Returns on investments and servicing of finance | 16 | 28,366 | 36,363 |
| Capital expenditure and financial investment | 16 | (1,938,994) | (1,612,500) |
| | | (1,708,283) | (1,825,371) |
| Financing | 16 | 1,887,015 | 1,500,000 |
| Increase/(decrease) in cash in the period | | <u>178,732</u> | <u>(325,371)</u> |
| <hr/> | | | |
| Reconciliation of net cash flow to movement in net funds | 17 | | |
| Increase/(decrease) in cash in the period | | <u>178,732</u> | (325,371) |
| Change in net funds resulting from cash flows | | <u>178,732</u> | (325,371) |
| Movement in net funds in the period | | 178,732 | (325,371) |
| Net funds at 1 January | | <u>294,183</u> | 619,554 |
| Net funds at 31 December | | <u>472,915</u> | <u>294,183</u> |

The notes on pages 9 to 18 form part of these financial statements

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2012**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

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

Tangible fixed assets

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

| | | |
|-----------------------|---|-----------------------------|
| Plant and machinery | - | Straight line over 24 years |
| Fixtures and fittings | - | 10% on cost |
| Computer equipment | - | 25% on cost |

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

Administrative expenses

Administrative expenses include amounts paid to third parties to manage various projects on behalf of the company as well as grants made to third parties to install and manage equipment in furtherance of the company's energy and environmental objectives.

2. STAFF COSTS

| | 2012 | 2011 |
|-----------------------|----------------------------|---------------------|
| | £ | £ |
| Wages and salaries | 187,010 | 178,267 |
| Social security costs | 21,649 | 22,038 |
| Other pension costs | 11,684 | 10,661 |
| | <hr/> 220,343 <hr/> | <hr/> 210,966 <hr/> |

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

| | 2012 | 2011 |
|----------------|----------------------|---------------|
| Cost of sales | 2 | 2 |
| Administration | 2 | 1 |
| | <hr/> 4 <hr/> | <hr/> 3 <hr/> |

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

3. OPERATING LOSS

The operating loss is stated after charging:

| | 2012 | 2011 |
|--|--------------------------|--------------------------|
| | £ | £ |
| Hire of plant and machinery | 6,146 | 4,861 |
| Depreciation - owned assets | 8,826 | 7,137 |
| Auditors' remuneration | 10,985 | 16,750 |
| | <u><u> </u></u> | <u><u> </u></u> |
| Directors' remuneration | 80,129 | 79,746 |
| Directors' pension contributions to money purchase schemes | 4,701 | 4,784 |
| | <u><u> </u></u> | <u><u> </u></u> |

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

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

The remuneration and pension contributions include those for the Group Managing Director for the whole of 2012

4. EXCEPTIONAL ITEMS

| | 2012 | 2011 |
|-------------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Capital distribution on liquidation | (68,524,257) | - |
| Amounts written off investment | 67,750,189 | - |
| | <u><u> </u></u> | <u><u> </u></u> |
| | (774,068) | - |
| | <u><u> </u></u> | <u><u> </u></u> |

On 31 July 2012 X2WP Limited was put into Members Voluntary Liquidation. The capital distribution on liquidation exceeded the historic cost of the investment and has given rise to a surplus of £774,068. The liquidation will be finalised on 30 July 2013.

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011.

THAMESWEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2012 £ | 2011 £ |
|--|------------------|---------------|
| Profit on ordinary activities before tax | <u>733,371</u> | <u>14,539</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 20.247%) | 146,674 | 2,944 |
| Effects of: | | |
| Depreciation in excess of capital allowances | 1,766 | 1,445 |
| Trading losses carried forward | 6,374 | 2,900 |
| Income from shares in group undertaking | - | (7,289) |
| Indexation allowance utilised | <u>(154,814)</u> | <u>-</u> |
| Current tax charge | <u>-</u> | <u>-</u> |

6. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|-----------------------------|----------------------------------|----------------------------|----------------|
| COST | | | | |
| At 1 January 2012 | 56,380 | 42,563 | 2,126 | 101,069 |
| Additions | - | - | 10,223 | 10,223 |
| At 31 December 2012 | <u>56,380</u> | <u>42,563</u> | <u>12,349</u> | <u>111,292</u> |
| DEPRECIATION | | | | |
| At 1 January 2012 | 14,095 | 9,399 | 1,064 | 24,558 |
| Charge for year | 2,349 | 4,257 | 2,220 | 8,826 |
| At 31 December 2012 | <u>16,444</u> | <u>13,656</u> | <u>3,284</u> | <u>33,384</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2012 | <u>39,936</u> | <u>28,907</u> | <u>9,065</u> | <u>77,908</u> |
| At 31 December 2011 | <u>42,285</u> | <u>33,164</u> | <u>1,062</u> | <u>76,511</u> |

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

7. FIXED ASSET INVESTMENTS

| | Unlisted investments £ |
|-----------------------|---------------------------------------|
| COST | |
| At 1 January 2012 | 81,533,122 |
| Additions | 1,928,771 |
| Impairments | (67,750,189) |
| | 15,711,704 |
| NET BOOK VALUE | |
| At 31 December 2012 | 15,711,704 |
| At 31 December 2011 | 81,533,122 |

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 2013 to 2016 on 25th October 2012. 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 further provision for impairment.

The company's investments at the balance sheet date in the share capital of companies include the following:

Thameswey Energy Limited

Country of incorporation: England and Wales

Nature of business: Production of electricity and heat.

| | % | | |
|--------------------------------|---------|------------------|-----------|
| Class of shares: | holding | | |
| £1 Ordinary 'Class A' Shares | 100.00 | | |
| £1 Ordinary 'Class B' Shares | 100.00 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 1,785,128 | 1,146,344 |
| Loss for the year | | (361,216) | (524,811) |
| | | | |

The Thameswey Energy Limited 'Class A' and 'Class B' shares rank pari passu in all respects but constitute separate classes of share.

During the year ended 31 December 2012 the company subscribed for a new issue of 1,000,000 'Class B' shares.

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 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

7. FIXED ASSET INVESTMENTS - continued

Thameswey Housing Limited

Country of incorporation: England and Wales

Nature of business: Provision of affordable housing.

| | % | | |
|--------------------------------|---------|--------------------------|--------------------------|
| Class of shares: | holding | | |
| £1 Ordinary Shares | 100.00 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 7,180,456 | 7,624,860 |
| Loss for the year | | (444,404) | (538,123) |
| | | <u><u> </u></u> | <u><u> </u></u> |

After the balance sheet date on 10th January 2013, Woking Borough Homes Limited changed its name to Thameswey Housing Limited.

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 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 329,932 | 245,143 |
| Profit for the year | | 84,789 | 85,024 |
| | | <u><u> </u></u> | <u><u> </u></u> |

On 11th January 2012, Xergi Services Limited changed its name to 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 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 270,021 | 255,271 |
| Profit for the year | | 14,750 | 20,820 |
| | | <u><u> </u></u> | <u><u> </u></u> |

On 22nd March 2013, Energy Centre for Sustainable Communities Limited changed its name to Thameswey Sustainable Communities Limited.

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

7. FIXED ASSET INVESTMENTS - continued

Thameswey Developments Limited

Country of incorporation: England and Wales

Nature of business: Property Development

| | % | | |
|--------------------------------|---------|--------------------------|--------------------------|
| Class of shares: | holding | | |
| £1 Ordinary | 100.00 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 748,180 | 767,862 |
| (Loss)/profit for the year | | (19,682) | 495,034 |
| | | <u><u> </u></u> | <u><u> </u></u> |

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.

X2WP Limited

Country of incorporation: England and Wales

Nature of business: Property investment

| | % | | |
|--------------------------------|---------|--------------------------|--------------------------|
| Class of shares: | holding | | |
| £1 Ordinary 'Class A' Shares | 100.00 | | |
| £1 Ordinary 'Class B' Shares | 100.00 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | - | 68,501,578 |
| Profit for the year | | - | 438,111 |
| | | <u><u> </u></u> | <u><u> </u></u> |

The 'Class A' Ordinary shares have no rights to participate in any distribution of the company other than on winding up.

On winding up, the distribution should be firstly to the holders of the 'Class B' Ordinary shares in respect of their called up paid share capital and share premium account, secondly to the holders of 'Class A' Ordinary shares and thirdly in paying to the holders of 'Class B' Ordinary shares all further monies available for distribution.

In all other respects 'Class A' and 'Class B' Ordinary shares rank pari passu.

X2WP Limited was put into Members Voluntary Liquidation on 31 July 2012. Full provision has been made against the cost of the investment in X2WP limited of £67,750,189 and the final distribution on liquidation of X2WP Limited of £68,524,257 paid off the loan outstanding of £68,500,000. The liquidation will be finalised on 30 July 2013.

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

7. FIXED ASSET INVESTMENTS - continued

Thameswey Solar Limited

Country of incorporation: England and Wales

Nature of business: Provision of solar photovoltaic panels.

| | % | | |
|--------------------------------|---------|-------------------------|-----------------------|
| Class of shares: | holding | | |
| £1 Ordinary | 75.00 | | |
| | | 2012 | 2011 |
| | | £ | £ |
| Aggregate capital and reserves | | 1,183,540 | (1,027) |
| Profit/(loss) for the year | | 1,880 | (1,028) |
| | | <u><u>1,183,540</u></u> | <u><u>(1,027)</u></u> |

During the year ended 31 December 2012 the company subscribed to a new issue of 887,015 ordinary shares of £1 in Thameswey Solar Limited.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2012 | 2011 |
|--------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Trade debtors | 25,989 | 181,383 |
| Other debtors | 24,257 | 44,165 |
| VAT | 12,970 | - |
| Prepayments and accrued income | 194,166 | 410,427 |
| | <u><u>257,382</u></u> | <u><u>635,975</u></u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2012 | 2011 |
|------------------------------------|----------------------|--------------------------|
| | £ | £ |
| Trade creditors | 40,303 | 105,609 |
| Amounts owed to group undertakings | - | 68,500,000 |
| Social security and other taxes | 1,427 | 6,558 |
| VAT | - | 9,590 |
| Other creditors | 3,378 | 46 |
| Accruals and deferred income | 20,332 | 83,905 |
| | <u><u>65,440</u></u> | <u><u>68,705,708</u></u> |

Included within group loans is a loan of £68.5 million from X2WP Limited (formerly Wolsey Place Limited). This loan is interest free and repayable on the winding up of the company.

10. CALLED UP SHARE CAPITAL

| Allotted and issued: | | Nominal | 2012 | 2011 |
|----------------------|----------|---------|--------------------------|--------------------------|
| Number: | Class: | value: | £ | £ |
| 15,718,231 | Ordinary | £1 | 15,718,231 | 13,831,216 |
| (2011 - 13,831,216) | | | <u><u>15,718,231</u></u> | <u><u>13,831,216</u></u> |

1,887,015 Ordinary shares of £1 each were allotted and paid during the year.

THAMESWEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012**

11. RESERVES

| | Profit and loss account £ |
|---------------------|--|
| At 1 January 2012 | 2,867 |
| Profit for the year | <u>733,371</u> |
| At 31 December 2012 | <u><u>736,238</u></u> |

12. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is 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.

13. RELATED PARTY DISCLOSURES

Throughout the current and preceding financial years the company was 100% owned by Woking Borough Council.

The company owns the share capital of the following companies:

| | 2012 | 2011 |
|---|-------------|------|
| Thameswey Energy Limited | 100% | 100% |
| Thameswey Housing Limited | 100% | 100% |
| Thameswey Sustainable Communities Limited | 100% | 100% |
| Thameswey Developments Limited | 100% | 100% |
| X2WP Limited | 100% | 100% |
| Thameswey Solar Limited | 75% | 100% |
| Thameswey Maintenance Services Limited | 100% | 100% |

Thameswey Energy Limited owns 100% (2011: 100%) of Thameswey Central Milton Keynes Limited. Woking Borough Homes Limited owns 98% (2011: 98%) of Brunswick Road (Pirbright) Residents Company Limited. Thameswey Developments Limited owns 50% (2011: 50%) of Rutland (Woking) Limited and 50% (2011: 50%) of Rutland Woking (Carthouse Lane) Limited.

X2WP Limited was put into Members Voluntary Liquidation on 31st July 2012.

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

THAMESWEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2012 | 2011 |
|--|-------------------|------------|
| | £ | £ |
| Profit for the financial year | 733,371 | 14,539 |
| Ordinary shares issued | 1,887,015 | 1,500,000 |
| Net addition to shareholders' funds | 2,620,386 | 1,514,539 |
| Opening shareholders' funds | 13,834,083 | 12,319,544 |
| Closing shareholders' funds | 16,454,469 | 13,834,083 |

15. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 2012 | 2011 |
|--|----------------|-----------|
| | £ | £ |
| Operating loss | (44,806) | (21,824) |
| Depreciation charges | 8,825 | 7,137 |
| Decrease/(increase) in debtors | 378,594 | (233,772) |
| Decrease in creditors | (140,268) | (775) |
| Net cash inflow/(outflow) from operating activities | 202,345 | (249,234) |

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

| | 2012 | 2011 |
|--|--------------------|-------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 4,109 | 363 |
| Dividends received | - | 36,000 |
| Capital distribution in excess of loan | 24,257 | - |
| Net cash inflow for returns on investments and servicing of finance | 28,366 | 36,363 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (10,223) | - |
| Purchase of fixed asset investments | (1,928,771) | (1,612,500) |
| Net cash outflow for capital expenditure and financial investment | (1,938,994) | (1,612,500) |
| Financing | | |
| Share issue | 1,887,015 | 1,500,000 |
| Net cash inflow from financing | 1,887,015 | 1,500,000 |

THAMESWEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2012

17. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.1.12 £ | Cash flow £ | At 31.12.12 £ |
|--------------|-----------------------|-----------------------|-----------------------|
| Net cash: | | | |
| Cash at bank | <u>294,183</u> | <u>178,732</u> | <u>472,915</u> |
| | <u>294,183</u> | <u>178,732</u> | <u>472,915</u> |
| Total | <u><u>294,183</u></u> | <u><u>178,732</u></u> | <u><u>472,915</u></u> |

THAMESWEY LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2012**

| | 2012 | | 2011 | |
|----------------------------------|---------|----------|--------|---------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Sales | | 367,032 | | 352,440 |
| Cost of sales | | | | |
| ECSC low carbon homes | 50,000 | | 50,000 | |
| Administrative expenses | 53,311 | | 44,786 | |
| Trade mark licence fees | 10,000 | | 10,000 | |
| Directors' salaries | 66,908 | | 66,588 | |
| Directors' social security | 8,383 | | 8,259 | |
| Directors' pension contributions | 3,925 | | 3,995 | |
| Wages | 102,072 | | 94,087 | |
| Social security | 11,087 | | 11,601 | |
| Pensions | 6,669 | | 5,612 | |
| | <hr/> | 312,355 | <hr/> | 294,928 |
| GROSS PROFIT | | 54,677 | | 57,512 |
| Other income | | | | |
| Shares in group undertakings | - | | 36,000 | |
| Deposit account interest | 4,109 | | 363 | |
| | <hr/> | 4,109 | <hr/> | 36,363 |
| | | 58,786 | | 93,875 |
| Expenditure | | | | |
| Rent | 7,700 | | 7,700 | |
| Insurance | 5,964 | | 2,820 | |
| Directors' salaries | 13,221 | | 13,158 | |
| Directors' social security | 1,656 | | 1,632 | |
| Directors' pension contributions | 776 | | 789 | |
| Wages | 4,809 | | 4,434 | |
| Social security | 523 | | 546 | |
| Pensions | 314 | | 265 | |
| Hire of plant and machinery | 6,146 | | 4,861 | |
| Telephone | 290 | | 588 | |
| Advertising | 223 | | 634 | |
| Travelling | 3,859 | | 6,181 | |
| Motor expenses | 375 | | 568 | |
| Subscription | 2,625 | | 3,411 | |
| Sundry expenses | 296 | | 98 | |
| Consultancy fees | 9,290 | | 1,263 | |
| Legal and professional fees | 19,335 | | 5,353 | |
| Auditors' remuneration | 10,985 | | 16,750 | |
| | <hr/> | 88,387 | <hr/> | 71,051 |
| Carried forward | | (29,601) | | 22,824 |

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THAMESWEY LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2012

| | 2012 | | 2011 | |
|-------------------------------------|--------------|----------------|-------|---------------|
| | £ | £ | £ | £ |
| Brought forward | | (29,601) | | 22,824 |
| Finance costs | | | | |
| Bank charges | | 2,271 | | 1,148 |
| | | (31,872) | | 21,676 |
| Depreciation | | | | |
| Plant and machinery | 2,349 | | 2,349 | |
| Fixtures and fittings | 4,256 | | 4,256 | |
| Computer equipment | 2,220 | | 532 | |
| | | 8,825 | | 7,137 |
| | | (40,697) | | 14,539 |
| Exceptional items | | | | |
| Capital distribution on liquidation | (68,524,257) | | - | |
| Amounts written off investment | 67,750,189 | | - | |
| | | (774,068) | | - |
| NET PROFIT | | <u>733,371</u> | | <u>14,539</u> |

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