

REGISTERED NUMBER: 05437166 (England and Wales)

**Directors' Report and
Financial Statements
for the Year Ended 31 December 2019
for
THAMESWEY HOUSING LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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THAMESWEY HOUSING LIMITED
Company Information
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS: T Price
Cllr C S Kemp
Dr B M Maunders
Cllr A Azad
Cllr D Harlow
Mrs L K H Strongitharm

SECRETARY: Clyde Secretaries Limited

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

REGISTERED NUMBER: 05437166 (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 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of affordable housing in the borough and the development of building projects.

REVIEW OF BUSINESS

The year was one of significant change. The company has instructed related companies to undertake significant work on a number of developments, some of which were nearing completion. During the year and post year end the company has faced further challenges including COVID-19.

In light of risks identified and also uncertainties flagged by the auditor, the directors are in the process of reviewing a number of the company's projects and have made provisions for some of them due to unrecoverable costs.

Following discussions with the external auditors, the company has made changes to its project and financial reporting systems, capabilities and controls.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

T Price
Cllr C S Kemp
Dr B M Maunders
Cllr A Azad

Other changes in directors holding office are as follows:

Cllr D Harlow - appointed 20 March 2019
Mrs L K H Strongitharm - appointed 23 July 2019

Cllr D J Bittleston and P N Bryant ceased to be directors after 31 December 2019 but prior to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE 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 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 auditor is aware of that information.

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

ON BEHALF OF THE BOARD:

T Price - Director

8 October 2021

**Statement of Directors' Responsibilities
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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

Independent Auditor's Report to the Members of Thameswey Housing Limited

Opinion

We have audited the financial statements of Thameswey Housing Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw attention to the disclosure made in note 2 to the financial statements relating to the accounts being prepared on a going concern basis having acknowledged the uncertainties that have arisen from both the results of the financial year as well as the impact of the ongoing COVID-19 outbreak. As stated in the note, these events indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Thameswey Housing Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Responsibilities of directors

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

**Independent Auditor's Report to the Members of
Thameswey Housing Limited**

Use of our report

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.

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

8 October 2021

Note:

The maintenance and integrity of the Thameswey Housing 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THAMESWEY HOUSING LIMITED (REGISTERED NUMBER: 05437166)

Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
TURNOVER			6,515,382		5,551,717
Cost of sales			1,345,932		1,466,214
GROSS PROFIT			5,169,450		4,085,503
Administrative expenses			1,583,858		1,204,530
			3,585,592		2,880,973
Other operating income	4		155,631		155,631
OPERATING PROFIT	7		3,741,223		3,036,604
Income from shares in group undertakings		80,000		40,000	
Interest receivable and similar income		119,587		119,448	
			199,587		159,448
			3,940,810		3,196,052
Interest payable and similar expenses	8		7,798,775		6,301,168
LOSS BEFORE TAXATION			(3,857,965)		(3,105,116)
Tax on loss	9		(2,853,667)		(177,324)
LOSS FOR THE FINANCIAL YEAR			(1,004,298)		(2,927,792)

The notes on pages 12 to 25 form part of these financial statements

THAMESWEY HOUSING LIMITED (REGISTERED NUMBER: 05437166)

**Other Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
LOSS FOR THE YEAR		(1,004,298)	(2,927,792)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,004,298)</u>	<u>(2,927,792)</u>

The notes on pages 12 to 25 form part of these financial statements

THAMESWEY HOUSING LIMITED (REGISTERED NUMBER: 05437166)

**Balance Sheet
31 DECEMBER 2019**

		2019		2018	
Notes	£	£	£	£	£
FIXED ASSETS					
Intangible assets	11		338,237		-
Tangible assets	12		73,041,636		2,216,098
Investments	13		360,464		360,464
Investment property	14		182,644,301		161,991,633
			256,384,638		164,568,195
CURRENT ASSETS					
Stocks	15	47,564,931		64,612,616	
Debtors	16	5,449,771		12,337,789	
Cash at bank		2,368,938		3,636,365	
		55,383,640		80,586,770	
CREDITORS					
Amounts falling due within one year	17	20,666,830		36,141,295	
NET CURRENT ASSETS			34,716,810		44,445,475
TOTAL ASSETS LESS CURRENT LIABILITIES					
			291,101,448		209,013,670
CREDITORS					
Amounts falling due after more than one year	18		(246,641,354)		(160,927,262)
PROVISIONS FOR LIABILITIES	20		(1,460,054)		(4,246,510)
ACCRUALS AND DEFERRED INCOME	21		(6,631,600)		(6,387,160)
NET ASSETS			36,368,440		37,452,738
CAPITAL AND RESERVES					
Called up share capital	22		24,490,000		24,490,000
Retained earnings	23		11,878,440		12,962,738
SHAREHOLDERS' FUNDS			36,368,440		37,452,738

The financial statements were approved by the Board of Directors and authorised for issue on 8 October 2021 and were signed on its behalf by:

T Price - Director

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	24,490,000	15,890,530	40,380,530
Changes in equity			
Total comprehensive income	-	(2,927,792)	(2,927,792)
Balance at 31 December 2018	<u>24,490,000</u>	<u>12,962,738</u>	<u>37,452,738</u>
Changes in equity			
Dividends	-	(80,000)	(80,000)
Total comprehensive income	-	(1,004,298)	(1,004,298)
Balance at 31 December 2019	<u><u>24,490,000</u></u>	<u><u>11,878,440</u></u>	<u><u>36,368,440</u></u>

**Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	27	8,409,913	(17,472,518)
Interest paid		(7,798,775)	(6,301,168)
Net cash from operating activities		<u>611,138</u>	<u>(23,773,686)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(237,871)	-
Purchase of tangible fixed assets		(61,757,501)	(2,118,668)
Purchase of investment property		(33,275,824)	(30,780,159)
Sale of fixed asset investments		1,012	-
Sale of investment property		254,924	320,000
Interest received		119,587	119,448
Dividends received		80,000	40,000
Net cash from investing activities		<u>(94,815,673)</u>	<u>(32,419,379)</u>
Cash flows from financing activities			
New loans in year		84,989,523	53,431,680
Loans reclassified in year		8,000,000	-
Loan repayments received in year		56,510	53,786
Loan repayments in the year		(28,925)	(27,121)
Equity dividends paid		(80,000)	-
Net cash from financing activities		<u>92,937,108</u>	<u>53,458,345</u>
Decrease in cash and cash equivalents		(1,267,427)	(2,734,720)
Cash and cash equivalents at beginning of year	28	3,636,365	6,371,085
Cash and cash equivalents at end of year	28	<u>2,368,938</u>	<u>3,636,365</u>

**Notes to the Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. STATUTORY INFORMATION

Thameswey Housing Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under historical cost convention.

Going Concern

The company is financed by way of share capital and loans from the ultimate parent undertaking, Woking Borough Council (the Council). The council's return on its loan investment is achieved by way of a margin on the interest it receives from the company over the interest that it pays on the councils own borrowing.

As part of the Director's review of the going concern status of the company they have carried out a funding commitment review to identify the loans required for the balance of 2021 and 2022 financial year.

The funding identified is included within the parent entity's Medium Term Financial Strategy and all funding has been authorised by the parent entity. If, in the unforeseen event funding is withdrawn a review of projects within the Thameswey group that can slow down or cease will be required and the Directors are prepared to undertake such a review. The projects have been specifically set up so that they can be stopped or slowed down as and when required if funding becomes a problem. A process of due diligence and frequent refreshes of the model for the projects is carried out to ensure they remain financially viable. These are reviewed by the Directors as well as at board level within the parent entity.

The Directors and the parent entity are aware that in the coming years the entity needs to be supported by the parent entity in terms of cashflow funding and that in order to meet current liabilities and interest costs this funding requirement will exceed in-year profits generated by the company. The Directors have gained the necessary assurances from the parent entity that they will support the company and not demand the repayment of loans and interest to the detriment of the company and have assessed the parent entity's ability to provide the required funding.

For these reasons the directors believe that it is appropriate to prepare the accounts on a going concern basis.

The company has experienced the effect of COVID-19. The company has made adjustments to working practices in order to keep employees and contractors safe.

The directors continue to monitor the impact of the consequences of the virus on the business. At the time of approving the financial statements the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements contain information about Thameswey Housing Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Thameswey Limited, The St Botolph Building, 138 Houndsditch, London, EC3A 7AR..

**Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

TURNOVER

Turnover represents rent received in respect of residential letting of the investment properties, excluding value added tax.

Rental income is recognised on a straight line basis over the lease term on an accruals basis.

INTANGIBLE ASSETS

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 8 years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

TANGIBLE FIXED ASSETS

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

Fixtures & Fittings - 25% on cost or over 20 years

Computer equipment - 25% on cost

The company capitalises all directly attributable costs relating to the purchase of construction of fixed assets.

Assets under construction are carried at historical cost and are not depreciated until they come into use.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiary undertakings are included in the statement of financial position at cost less any provision for impairment.

INVESTMENT PROPERTY

Investment properties are properties held to earn rentals.

Investment property is included at fair value.

Gains and losses arising from changes in the fair value of investment properties are included in the income statement for the period in which they arise.

Investment properties being developed are recognised as "assets under construction" in tangible fixed assets, until project completion and rentals commence.

STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell which is equivalent to the net realisable value. Costs comprise land and properties held for development and those overheads which have been incurred in bringing the stocks to their present location and condition.

**Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

FINANCIAL INSTRUMENTS

Financial instruments are accounted for according to the substance of the contractual arrangements as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the net assets of the company.

Basic financial instruments, which include trade and other debtors and creditors, cash and bank balances, amounts owed by and to group companies, are initially measured at transaction price and are subsequently carried at amortised cost.

Other financial instruments which includes shared equity mortgages and non-basic loans are only recognised when the entity becomes a party to the contractual provisions of the instrument. Such instruments are initially recognised at fair value, which is the transaction price. Subsequently at the end of each reporting period these financial instruments are measured at fair value and any changes in fair value are recognised in the profit and loss.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

PROVISIONS

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the accounts, the company is required to make estimates and assumptions that impact on the reported amounts of revenues, expenses, assets and liabilities of the company. Estimates and associated assumptions affecting the financial statements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Management considers the key sources of estimation uncertainty pertinent to the company are included below:

Investment properties

The directors assess the fair value of investment properties annually, utilising the services of an independent chartered surveyor. The surveyor values the property portfolio using a Beacon Property valuation method. The Directors use their knowledge of the local property market, taking into account the nature and location of specific properties and this valuation to establish if there has been a significant change in the valuation of the property portfolio. Whilst established methods of valuation have been used there is an element of estimation involved in determining the fair value of the investment properties.

Shared Equity Mortgages

The directors assess the fair value of shared equity mortgages annually, using their knowledge of the local property market taking into account the nature and location of specific properties. The directors perform desk top valuation using available data from the Zoopla property valuation website. There is an element of estimation involved in determining the fair value of the shared equity mortgages.

4. **OTHER OPERATING INCOME**

	2019	2018
	£	£
Grants amortised	<u>155,631</u>	<u>155,631</u>

5. **EMPLOYEES AND DIRECTORS**

No employees are directly employed by the company. The independent director is remunerated by the parent undertaking in both the current and preceding year. The cost of which is reimbursed.

6. **DIRECTORS' EMOLUMENTS**

	2019	2018
	£	£
Directors' remuneration	<u>6,457</u>	<u>6,470</u>

Directors remuneration relates to fees paid to the independent non-executive director.

7. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation - owned assets	263,983	133,694
(Profit)/loss on disposal of fixed assets	(1,012)	43,999
Computer software amortisation	20,822	-
Auditors' remuneration	<u>17,747</u>	<u>11,306</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Other interest	<u>7,798,775</u>	<u>6,301,168</u>

9. TAXATION

Analysis of the tax credit

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

	2019 £	2018 £
Current tax:		
UK corporation tax	(67,211)	(177,324)
Deferred tax	<u>(2,786,456)</u>	<u>-</u>
Tax on loss	<u>(2,853,667)</u>	<u>(177,324)</u>

UK corporation tax has been charged at 19% (2018 - 19%).

RECONCILIATION OF TOTAL TAX CREDIT INCLUDED IN PROFIT AND LOSS

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

	2019 £	2018 £
Loss before tax	<u>(3,857,965)</u>	<u>(3,105,116)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(733,013)	(589,972)
Effects of:		
Income not taxable for tax purposes	(15,200)	(7,600)
Depreciation in excess of capital allowances	49,964	33,762
Government grants amortised	(29,570)	(29,570)
Tax losses carried forward	727,819	416,056
Deferred tax	(2,786,456)	-
Group relief	(67,211)	-
Total tax credit	<u>(2,853,667)</u>	<u>(177,324)</u>

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and trading losses as there is insufficient evidence that the asset will be recovered.

10. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	<u>80,000</u>	<u>-</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
Additions	237,871
Reclassification/transfer	121,188
At 31 December 2019	<u>359,059</u>
AMORTISATION	
Amortisation for year	20,822
At 31 December 2019	<u>20,822</u>
NET BOOK VALUE	
At 31 December 2019	<u><u>338,237</u></u>

12. TANGIBLE FIXED ASSETS

	Assets under construction £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	121,188	2,303,382	-	2,424,570
Additions	71,185,051	-	270	71,185,321
Transfer to ownership	(121,188)	-	-	(121,188)
At 31 December 2019	<u>71,185,051</u>	<u>2,303,382</u>	<u>270</u>	<u>73,488,703</u>
DEPRECIATION				
At 1 January 2019	-	208,472	-	208,472
Charge for year	-	238,595	-	238,595
At 31 December 2019	<u>-</u>	<u>447,067</u>	<u>-</u>	<u>447,067</u>
NET BOOK VALUE				
At 31 December 2019	<u>71,185,051</u>	<u>1,856,315</u>	<u>270</u>	<u>73,041,636</u>
At 31 December 2018	<u>121,188</u>	<u>2,094,910</u>	<u>-</u>	<u>2,216,098</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

12. TANGIBLE FIXED ASSETS - continued

During the year £61,757,232 worth of construction contracts were reclassified from work in progress, stock, as assets under construction.

£61,047,814 of assets under construction relate to the St Dunstons, Harrington Place development that was constructed by the group company, Thameswey Developments Limited, and transferred to Investment property when the project completed in March 2020.

The company has entered into a development agreement for the Regeneration of Sheerwater. At the year end, costs relating to the Sheerwater Regeneration Project remain in work in progress, stock, at the year end as the number of investments properties to be retained by the company and those going to be sold has not be agreed and will depend on market conditions at the time of project completion.

The company had contractual obligations with Thameswey Developments Limited for the following projects at 31 December 2019:

Sheerwater Regeneration Project, Middle Walk refurbishment, Brookwood Lye, St Dunstons, Harrington Place, 121 Chertsey Road & St John's Road.

13. FIXED ASSET INVESTMENTS

	Shares in group undertaking £
COST	
At 1 January 2019 and 31 December 2019	<u>360,464</u>
NET BOOK VALUE	
At 31 December 2019	<u>360,464</u>
At 31 December 2018	<u>360,464</u>

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

Subsidiary

Thameswey Guest Houses Limited

Registered office: The St Botolph Building, 138 Houndsditch, London EC3A 7AR

Nature of business: Provision of bed and breakfast accommodation

	%		
Class of shares:	holding	2019	2018
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>616,860</u>	575,510
Profit for the year		<u>121,350</u>	<u>67,490</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

13. **FIXED ASSET INVESTMENTS - continued**

JOINT VENTURE

Rutland Woking (Residential) Limited

Registered office: Dunsfold Park, Stovolds Hill, Cranleigh, Surrey GU6 8TB

Nature of business: Property development

Class of shares:	% holding	2019	2018
Ordinary	50.00	£	£
Aggregate capital and reserves		1,116	(676)
Profit/(loss) for the year		1,791	(5,211)

14. **INVESTMENT PROPERTY**

FAIR VALUE

	Total £
At 1 January 2019	162,055,102
Additions	33,275,824
Disposals	(254,924)
Reclassification/transfer	(12,342,844)
At 31 December 2019	182,733,158

DEPRECIATION

At 1 January 2019	63,469
Charge for year	25,388
At 31 December 2019	88,857

NET BOOK VALUE

At 31 December 2019	182,644,301
At 31 December 2018	161,991,633

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

14. INVESTMENT PROPERTY - continued

The directors assess the fair value of investment properties annually, using their knowledge of the local property market taking into account the nature and location of specific properties. If the directors believe there has been a significant change in the fair value of investment properties they will utilise the services of an independent chartered surveyor. This year the directors instructed the independent firm of chartered surveyors, Frazers Surveyors Limited to perform a year-end valuation of a sample of "beacon properties" considered to be representative of the property portfolio as a whole. Frazers Surveyors Ltd hold recognised professional qualifications and have recent experience of valuing investment property in this location.

From December 2019 the property portfolio will continue to be assessed based on "beacon properties" to ensure experts are engaged to formally value properties held within the investment portfolio on a regular basis.

The valuations were performed by Frazers in June 2020. The directors concluded that no fair value adjustment was required after extrapolating the change in property values over the property portfolio, excluding any property acquisitions made in 2019 (deemed too recent to require a valuation).

The valuation reports provided by Frazers highlight the basis of their reports was on a "comparative method of valuation, reliant upon market transactions of similar properties". It was noted however that at the time the reports were prepared, market conditions appeared varied and potentially challenging, and therefore the reports were partially based on sold and/or under offer process achieved before the current corona virus situation. The market during the recent lockdown period was basically frozen. The valuation reports were made on the basis of "material valuation uncertainty" as per VPS3 and VPGA10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution should be attached to the valuation than would normally be the case".

15. STOCKS

	2019	2018
	£	£
Land bank	4,846,856	15,821,646
Work-in-progress	42,718,075	48,790,970
	<u>47,564,931</u>	<u>64,612,616</u>

During the year interest of £580,304 (2018: £107,824) was capitalised and included in work-in-progress.

16. DEBTORS

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	386,099	174,548
Amounts owed by group undertakings	580,392	1,392,603
Amounts recoverable on contract	139,241	167,088
Other debtors	176,599	35,331
Tax	67,211	-
Prepayments and accrued income	168,278	147,450
	<u>1,517,820</u>	<u>1,917,020</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

16. DEBTORS - continued

	2019 £	2018 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,722,098	9,055,819
Other debtors	2,209,853	1,364,950
	<u>3,931,951</u>	<u>10,420,769</u>
 Aggregate amounts	 <u>5,449,771</u>	 <u>12,337,789</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	425,640	153,927
Amounts owed to group undertakings	30,849	28,925
Social security and other taxes	3,440	1,665
Other creditors	202,877	8,846
Accruals and deferred income	20,004,024	35,947,932
	<u>20,666,830</u>	<u>36,141,295</u>

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

	2019 £	2018 £
Amounts owed to group undertakings	244,431,501	159,562,312
Other creditors	2,209,853	1,364,950
	<u>246,641,354</u>	<u>160,927,262</u>

Amounts owed to group undertaking

	2019 £	2018 £
Repayable within one year	30,849	28,925
Amounts falling due between one and five years	36,759,389	28,413,724
Amounts falling due after more than five years	207,672,112	131,148,588
	<u>244,462,350</u>	<u>106,186,678</u>

Amounts owed to group undertakings comprises loans from the ultimate parent undertaking Woking Borough Council. Interest is charged on the above loans at an annual interest rate of between 1.8% and 7%.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

19. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Woking Borough Council	<u>3,242,052</u>	<u>3,263,060</u>

A loan of £3,440,000 from Woking Borough Council in 2005 was secured by a debenture dated 18 April 2008 giving charge on all assets of the company.

20. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	1,376,629	4,163,085
Other provisions	83,425	83,425
	<u>1,460,054</u>	<u>4,246,510</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 January 2019	4,163,085	83,425
Credit to Income Statement during year	(2,786,456)	-
Balance at 31 December 2019	<u>1,376,629</u>	<u>83,425</u>

Other provisions relate to the mortgage protection fund for shared ownership properties where there could be damage to shared ownership properties or defaults of rental income.

21. ACCRUALS AND DEFERRED INCOME

	2019 £	2018 £
Deferred government grants	6,617,149	6,358,258
Deferred grants - other	14,451	28,902
	<u>6,631,600</u>	<u>6,387,160</u>

A Planning Benefit Grant of £5,565,250 was received from Woking Borough Council in 2005. Further capital grants of £1,600,000 were received during 2007, £275,000 in 2010 and £400,070 in 2019 from Woking Borough Council.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
24,490,000	Ordinary	£1	<u>24,490,000</u>	<u>24,490,000</u>

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distribution, including a distribution arising from a winding up of the company. The shares are not redeemable.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

23. RESERVES

	Retained earnings £
At 1 January 2019	12,962,738
Deficit for the year	(1,004,298)
Dividends	(80,000)
	<hr/>
At 31 December 2019	<u>11,878,440</u>

24. 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.

25. CONTINGENT LIABILITIES - EARN YOUR DEPOSIT

The company established an "Earn Your Deposit Scheme" in 2018, whereby "Good Tenants" have the right to earn a contribution towards the deposit on the purchase of a home, with the first qualifying tenants being able to make a claim from April 2020.

There are various qualifying criteria to become eligible for the "Earn Your Deposit Scheme", and not all tenants who are eligible will take-up the scheme. As such, at the year-end date the company was unable to accurately quantify the take-up of the deposit scheme in the accounts, and therefore no provision has been made.

The company undertook a review of the maximum potential "Earn Your Deposit Scheme" liability on 1st April 2021 and found that if all year ended 31 December 2019 tenants qualified for the scheme, and subsequently took up the offer, a potential maximum liability of £1,886,400 would be required as deposits towards a tenants new homes in the future. However, the directors believe that only a third of tenants are expected to meet the scheme criteria and the uptake is likely to be approximately 9%, but uncertainty exists over these estimates.

There is not expected to be any reimbursement for the scheme.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

26. RELATED PARTY DISCLOSURES

The company's immediate parent company Thameswey Limited is 100% (2018 - 100%) owned by Woking Borough Council. Thameswey Limited owns the share capital of the following companies:

	2019	2018
Thameswey Energy Limited	100%	100%
Thameswey Guest Houses Limited	100%	100%
Thameswey Sustainable Communities Limited	100%	100%
Thameswey Developments Limited	100%	100%
Thameswey Solar Limited	100%	100%
Thameswey Maintenance Services Limited	100%	100%

Thameswey Energy Limited owns 100% (2018 - 100%) of Thameswey Central Milton Keynes Limited. Thameswey Housing Limited owns 100% (2018 - 100%) of Thameswey Guest Houses Limited and 50% (2018 - 50%) of Rutland Woking (Residential) Limited. Thameswey Developments Limited owns 50% (2018 - 50%) of Rutland (Woking) Limited and 50% (2018 - 50%) of Rutland Woking (Carhouse Lane) Limited. Rutland (Woking) Limited owns 50% (2018: 50%) of Rutland Woking (Residential) Limited.

Therefore, no transactions with these related parties are to be disclosed for either year under the provisions of section 33 of Financial Reporting Standard 102.

27. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Loss before taxation	(3,857,965)	(3,105,116)
Depreciation charges	284,805	133,694
(Profit)/loss on disposal of fixed assets	(1,012)	43,999
Grants amortised	(155,631)	-
Finance costs	7,798,775	6,301,168
Finance income	(199,587)	(159,448)
	3,869,385	3,214,297
Decrease/(increase) in stocks	19,961,214	(47,500,710)
Increase in trade and other debtors	(1,134,257)	(9,648,306)
(Decrease)/increase in trade and other creditors	(14,286,429)	36,462,201
Cash generated from operations	8,409,913	(17,472,518)

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	2,368,938	3,636,365
	<u> </u>	<u> </u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	3,636,365	6,371,085
	<u> </u>	<u> </u>

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank	3,636,365	(1,267,427)	2,368,938
	<u> </u>	<u> </u>	<u> </u>
	3,636,365	(1,267,427)	2,368,938
	<u> </u>	<u> </u>	<u> </u>
Total	3,636,365	(1,267,427)	2,368,938
	<u> </u>	<u> </u>	<u> </u>