

REGISTERED NUMBER: 03702545 (England and Wales)

**GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
THAMESWEY LIMITED**

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for the Year Ended 31 December 2019**

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THAMESWEY LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2019

DIRECTORS:	Dr B M Maunders T Price W Prescott Cllr A Azad Cllr D Harlow Cllr C S Kemp Mrs L K H Strongitharm Mrs J A Fisher G C Framallicco P J Grimshare MS J A Mcintosh G D Mcmanus
SECRETARY:	Clyde Secretaries Limited
REGISTERED OFFICE:	The St Botolph Building 138 Houndsditch London EC3A 7AR
REGISTERED NUMBER:	03702545 (England and Wales)
AUDITOR:	Hamlyns LLP Statutory Auditor and Chartered Accountants Sundial House High Street Horsell Woking Surrey GU21 4SU
BANKERS:	National Westminster Bank Plc PO Box 358 1 High Street Woking Surrey GU21 1ZS
SOLICITORS:	Clyde & Co LLP The St Botolph Building 138 Houndsditch London EC3A 7AR

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

Energy generation

Thameswey Energy Limited

During 2019, trading was comparable to 2018 with a stable customer base. The impact of Covid during 2020 has had minimal impact on the business trading results. Funds were focused with the aim of increasing the efficiency of assets both from a capital and operational perspective. The development of the new energy station to service Woking town centre is underway and will complete in 2021.

Thameswey Central Milton Keynes Limited

Trading to date continues to build on the successes of 2018. Direct costs were in line with expectation, and there continues to be interest in additional connections to the Milton Keynes Energy Station. During covid restrictions negotiations slowed, however are now continuing to progress. A new hotel complex came online during early 2021.

Thameswey Solar Limited

The entity was merged with Thameswey Energy during 2019, and is in the process of winding up.

Housing & Development

During 2019, Thameswey Housing Ltd purchased 57 investment properties at a total cost of £22M, and during early 2020 the business completed a large scale development, which added 147 units to the portfolio. The development was caught in the midst of Covid restrictions but has since been fully let to tenants. Additional properties were purchased for redevelopment of Sheerwater, subject to planning. The business currently holds in excess of 750 properties. The construction and purchase of properties, through Thameswey Developments Ltd, continues with a number of current developments expected to be complete from 2020 onwards.

Now in its fifth year of operation, Maybury Lodge Guest House, occupancy exceeded 89% and provided over 4,500 nights of accommodation for homeless individuals and families, the majority on behalf of Woking Borough Council. During Covid restrictions the Guest House was solely dedicated to support the borough of Woking with homelessness.

During 2017, Thameswey Developments Ltd was selected as the preferred developer for the Sheerwater Regeneration Scheme, which is expected to take circa nine years to complete. During 2019/20 construction of the leisure centre continued, and construction of the first phase of residential development commenced. Completion of the leisure centre and first phase of residential properties took place in 2021.

Joint Ventures

The Rutland Group joint venture continues to identify sites for future development within Woking Borough.

Strategic Direction

The focus of activity within each company is clearly aligned with those of Thameswey Ltd, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group.

Energy Business

Over the coming years, the potential growth of the energy supply part of the group is expected to present exciting opportunities to partner with existing licensed suppliers and operators to expand the scope of this sector and potentially obtain a license for the group should the economics and scale justify it in future.

Woking

The growth of new developments in Woking Town Centre presents many opportunities to connect new customers to Thameswey Energy Ltd's existing networks and develop new generating and supply capacity. During 2019 planning permission was granted for a new energy Station to support Woking Town Centre infrastructure, construction commenced early 2020.

As each network grows the opportunity will arise to merge the two networks and provide additional operational resilience and capacity. The regeneration of Sheerwater presents an opportunity to provide low carbon energy to a major new community outside of the town centre.

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2019**

The opportunity for Thameswey to assist Woking Borough Council in meeting its emerging statutory heat metering of council properties obligations, under the Heat Metering Regulations, is expected to materialise in the near future.

REVIEW OF BUSINESS

The group will also look to develop its involvement with waste reduction and environmental projects, in support of the Council's Woking 2050 strategy. There will be a particular focus on Thameswey Sustainable Communities Ltd, project work to assess the impact of new technologies and approaches to sustainable living. The Group will also look to assist the Council in its response to the Green Homes Local Authority Delivery Scheme and the wider Green Homes Grant Scheme.

Milton Keynes

Sustained investment in new development will continue to provide opportunities to expand Milton Keynes energy networks and supply capacity to service new commercial and residential customers. Whilst the scale and number of redevelopment schemes currently proposed in central Milton Keynes does not match that in Woking, the existence of a local authority-owned development vehicle (MKDP) demonstrates an ambition to promote redevelopment throughout the area, including central Milton Keynes.

Milton Keynes Council granted planning consent in 2017 for a major new commercial development and a mixed tenure residential scheme in central Milton Keynes. Both schemes are subject to planning conditions that connect to the district energy supplies, and Thameswey Central Milton Keynes Ltd is working with the respective developers to progress the scheme.

Housing and Development

Thameswey has been appointed by Woking Borough Council to help assist with the delivery of the Sheerwater Regeneration Scheme. Building and holding the new properties will be the main focus for Thameswey Developments and Thameswey Housing respectively over the medium term.

In addition, Thameswey Developments Ltd will identify additional development sites elsewhere for the construction of further properties in support of Thameswey Housing Ltd. During 2020/21, a number of current developments will complete and increase the portfolio of homes available to rent within Woking and the surrounding areas.

Finance

All assets and investments, apart from properties, are held in the books at cost less accumulated depreciation. Residential properties were formally revalued by a firm of chartered surveyors in 2015 based on market value. A further review was undertaken at the end of 2019 to ascertain the current market value. Group Directors believe that this is a true and fair representation of the assets and investments held. A review of investment properties was unable to be achieved during 2020 due to Covid restrictions, however the directors believe the investments to have been maintained during this period. A revaluation of residential properties is expected to occur during 2021 following the easing of lock down.

The primary investment return from the Thameswey Group to Woking Borough Council is via loan margins. In 2019/20, over £25M was paid to the Council in interest of which in excess of £8M related to loan margin for the benefit of WBC. In addition, the Group pays business rates, office rent and a licence fee to the Council.

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties that can impact on the performance of the Group; some are beyond the control of Thameswey and its Board. The Group's management closely monitor market trends and risks on an on-going basis.

These trends and risks are discussed and considered in regular management and board meetings where each business unit's performance is assessed against budget, forecast and the previous year's performance. An annual assessment of trends and risks is also an integral part of each business unit's annual review of its strategic plan and budget, which are submitted to the Group Board and Council for consideration and approval. A combination of activities, in what is a bottom up and a top down approach enables the Board to determine and assess the Group's risk environment.

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

Commercial Risks

Market conditions

Thameswey's products and services are targeted at both the residential and non-residential (including retail, commercial, public sector and high-rise developments) sectors.

As a result, energy demand is dependent on activity levels within the local economy as well as changing weather trends. Whilst construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for the Group's products and services.

The exposure to the cyclicity of any one market is partially mitigated by the Group's diversification and the Group's portfolio of products and services, which are oriented towards sustainability, energy efficiency and income generating energy solutions

There is a risk that new connections to the Group's combined heat and power (CHP) networks are not forthcoming and that the business may not generate all profits included in the business plans.

The Directors keep this under review and are confident that sufficient new connections will be achieved to generate reasonable investment returns in the medium term.

Competitive pressures

There is little competitive pressure within the existing customer base for energy businesses because of the automatic price matching policies with the major energy providers.

Customer credit risk

As part of the overall service package, Thameswey provides credit to customers. As a result, there is an associated risk that the customer may not be able to pay outstanding balances.

Each business unit has established procedures and credit control policies around managing its receivables and takes action where necessary. All major outstanding and overdue balances, together with significant potential exposures, are reviewed regularly and concerns discussed at Board meetings where the Group's Executive Directors are present. Control systems are in place to ensure that authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

Covid-19 has increased debt across the business both for residential customers and business customers. Thameswey has continued to offer payments plans and with an increased focus on communication and proactive debt activity the business expects non-payment will return to pre Covid levels by the end of 2021. The focus on credit control across the group remains a high priority.

Disaster Recovery

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

GROUP STRATEGIC REPORT
for the Year Ended 31 December 2019

Acquisition & development

A key element of the Group's strategy is to grow the business through both broadening its product offer and increasing its housing portfolio. Such development has associated risks in terms of valuation, timing, integration/set-up and management of resources.

All investment proposals undergo a rigorous evaluation process incorporating due diligence and pay-back evaluation which targets medium and long term investment returns, in accordance with established criteria for approving investments. The housing model is predicated on the sustainability of annual rental increases.

The Group's management team are confident that the residential rental market will on average continue to rise over time as it has done historically even though there will be a blip in market conditions associated with Covid 19. Currently the housing market is returning to previous levels, however the sustainability of this once the stamp duty thresholds return to pre Covid rates is unknown. The housing model makes no assumptions on the potential benefit of increasing property prices and these provide a buffer on the economic impact of rental fluctuation.

The energy model developed in-house, assists key decisions for new customer connections and the building of the new energy centre in Woking. The Directors are confident the evaluations will meet long-term investment returns.

During Covid-19, the appointed building contractors adapted their working practises to become Covid secure and the majority were able to continue on site. The number of contractors actively tendering for jobs reduced, this has caused a slight delay, however Thameswey does not see this as a major issue in the medium term. As 2020 progressed, the development projects continued to suffer with higher material prices, and short term delays due to changes in working restrictions, the long term impact is being closely monitored.

Information technology and business continuity

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

Investment in systems and software has continued to date with the enhanced development of the tenant portal to self-deliver property management. In addition, investment is ongoing for supportive back office systems for Facilities Management to manage and maintain the energy and housing assets.

During Covid-19, the business maintained system functionality and fluidly enabled staff to become home workers with minimal disruption to the business processes.

Human Resources

People, teams and talent management are an integral part of Thameswey's business and are key to continuing progress at the Group. Competition for talent is significant both within the industry and beyond it. The Group attracts and retains its people through provision of career development opportunities and training initiatives.

Part of the Group's business is the generation of electricity and heat. Some engineering staff operate and maintain high voltage energy stations and substations. Great care is taken to ensure that comprehensive Health and Safety procedures are followed by all staff and that plant is subject to regular inspections and certified by independent examiners.

Staff numbers have increased in 2019 and 2020. Further growth is expected throughout 2021, driven by the expansion of the energy sector, opening of the new Energy station and an increased residential portfolio.

During Covid-19 the majority of staff remained working at Thameswey, with only a small number of staff being Furloughed. During late 2020 all staff returned to work and there are currently no staff expected to be furloughed going forward.

Legal & Regulatory Risk

Thameswey has expanded significantly over the previous five years. The Group closely monitors regulations across its markets to ensure any adverse impacts are minimised and managed.

**GROUP STRATEGIC REPORT
for the Year Ended 31 December 2019**

Certain changes are positive for the Group, in particular those pertaining to building and environment regulations which are becoming ever more stringent and harmonised across the world. However, the unknown impact of the future trade position between the UK and Europe could have significant impacts on the Group in future. Until clarity is provided on the trade talk outcomes the Group will have to take a watching brief and try and push as much risk as possible to its suppliers as part of any contract negotiations.

The Group is working closely with energy industry bodies to support decentralised energy. The programme will assist local energy plans alongside local authorities, and reduce the cost of energy bills, whilst supporting the development of the UK's low carbon heating projects.

Financial & Economic Risks

Funding and liquidity risks

The Group operates a prudent approach to liquidity management using a mixture of long-term and short-term debt secured via Woking Borough Council from the Public Works Loans Board (PWLB), cash and cash equivalents, to meet its liabilities when due.

In addition, the Group ensures it has sufficient diversity and maturity in its funding base. The loans are arms length and the Council charges an interest margin to cover any risks. The Group relies on the ongoing support from Woking Borough Council, which continues to provide financing at no cost to taxpayers.

Interest rate risk

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

Taxation

The Group has accumulated tax losses, so any subsidiary company owned 75% or higher which makes a taxable profit has been able to offset this against the losses brought forward.

SHARE CAPITAL

There was no increase in the groups share capital during 2019 or 2020.

ON BEHALF OF THE BOARD:

T Price - Director

8 October 2021

DIRECTORS' REPORT
for the Year Ended 31 December 2019

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

PRINCIPAL ACTIVITY

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

DIVIDENDS

Dividends of £80,000 were paid during the financial year ended 31 December 2019 (2018: £50,000).

Details of dividends paid between group companies can be found in the component companies' financial statements.

DIRECTORS

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

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

Other changes in directors holding office are as follows:

Cllr B Hunwicks - resigned 16 May 2019
Cllr D Harlow - appointed 26 March 2019
Mrs L K H Strongitharm - appointed 30 July 2019

Mrs J A Fisher , G C Framaliccio , P J Grimshare , MS J A McIntosh and G D Mcmanus were appointed as directors after 31 December 2019 but prior to the date of this report.

Cllr D J Bittleston , R N Morgan , D J Spinks 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 group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

ON BEHALF OF THE BOARD:

T Price - Director

8 October 2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the Year Ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 LIMITED

Opinion

We have audited the financial statements of Thameswey Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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 group's and of the parent company affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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 Group Strategic Report, 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMESWEY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 group's and the parent 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 group or the parent 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.

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 Hamlyn's LLP
Statutory Auditor and
Chartered Accountants
Sundial House
High Street
Horsell
Woking
Surrey
GU21 4SU

8 October 2021

**CONSOLIDATED
INCOME STATEMENT
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER		20,381,109	15,600,494
Cost of sales		<u>12,349,347</u>	<u>8,266,405</u>
GROSS PROFIT		8,031,762	7,334,089
Administrative expenses		<u>5,286,465</u>	<u>3,640,416</u>
		2,745,297	3,693,673
Other operating income	3	<u>949,938</u>	<u>1,002,890</u>
GROUP OPERATING PROFIT	5	3,695,235	4,696,563
Share of operating loss in Joint ventures		(3,118)	(6,504)
Interest receivable and similar income		<u>130,673</u>	<u>136,879</u>
		3,822,790	4,826,938
Interest payable and similar expenses	6	<u>10,853,294</u>	<u>9,396,295</u>
LOSS BEFORE TAXATION		(7,030,504)	(4,569,357)
Tax on loss	7	<u>(2,786,456)</u>	-
LOSS FOR THE FINANCIAL YEAR		(4,244,048)	(4,569,357)
Loss attributable to:			
Owners of the parent		<u>(4,245,072)</u>	(4,568,054)
Non-controlling interests		<u>1,024</u>	(1,303)
		(4,244,048)	(4,569,357)

**CONSOLIDATED
OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2019**

Notes	2019 £	2018 £
LOSS FOR THE YEAR	(4,244,048)	(4,569,357)
OTHER COMPREHENSIVE INCOME		
Elimination of disposed reserve	-	-
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(4,244,048)</u>	<u>(4,569,357)</u>
Total comprehensive income attributable to:		
Owners of the parent	(4,245,072)	(4,568,054)
Non-controlling interests	1,024	(1,303)
	<u>(4,244,048)</u>	<u>(4,569,357)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2019

		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		381,601		85,749
Tangible assets	11		111,689,199		35,679,755
Investments	12				
Interest in joint venture					
Share of gross assets			1,371,896		1,254,584
Share of gross liabilities			(1,096,999)		(976,569)
Investment property	13		194,002,158		173,349,490
			<u>306,347,855</u>		<u>209,393,009</u>
CURRENT ASSETS					
Stocks	14	76,713,115		107,894,720	
Debtors	15	27,718,570		5,351,451	
Cash at bank and in hand		4,920,686		8,606,076	
			<u>109,352,371</u>		<u>121,852,247</u>
CREDITORS					
Amounts falling due within one year	16	35,427,002		31,498,727	
			<u>73,925,369</u>		<u>90,353,520</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>380,273,224</u>		<u>299,746,529</u>
CREDITORS					
Amounts falling due after more than one year	17		(347,327,645)		(259,906,902)
PROVISIONS FOR LIABILITIES					
	19		(1,460,054)		(4,246,510)
ACCRUALS AND DEFERRED INCOME					
	20		(12,990,643)		(12,774,187)
NET ASSETS					
			<u>18,494,882</u>		<u>22,818,930</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET - continued
31 December 2019

	Notes	2019		2018	
		£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	21		31,193,231		31,193,231
Retained earnings	22		(12,698,070)		(8,372,998)
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			18,495,161		22,820,233
NON-CONTROLLING INTERESTS	23		(279)		(1,303)
			<hr/>		<hr/>
TOTAL EQUITY			18,494,882		22,818,930
			<hr/> <hr/>		<hr/> <hr/>

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

COMPANY BALANCE SHEET
31 December 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		23,492		25,841
Investments	12		31,993,540		31,993,540
Investment property	13		-		-
			<u>32,017,032</u>		<u>32,019,381</u>
CURRENT ASSETS					
Debtors	15	422,760		284,756	
Cash at bank		5,392		85,423	
			<u>428,152</u>		<u>370,179</u>
CREDITORS					
Amounts falling due within one year	16	101,309		50,104	
			<u>326,843</u>		<u>320,075</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>32,343,875</u>		<u>32,339,456</u>
CAPITAL AND RESERVES					
Called up share capital	21	31,193,231		31,193,231	
Retained earnings	22	1,150,644		1,146,225	
			<u>32,343,875</u>		<u>32,339,456</u>
SHAREHOLDERS' FUNDS					
Company's profit/(loss) for the financial year			<u>84,419</u>		<u>(4,452)</u>

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:

Dr B M Maunders - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	31,193,231	(3,754,944)	27,438,287	-	27,438,287
Changes in equity					
Dividends	-	(50,000)	(50,000)	-	(50,000)
Total comprehensive income	-	(4,568,054)	(4,568,054)	(1,303)	(4,569,357)
Balance at 31 December 2018	<u>31,193,231</u>	<u>(8,372,998)</u>	<u>22,820,233</u>	<u>(1,303)</u>	<u>22,818,930</u>
Changes in equity					
Dividends	-	(80,000)	(80,000)	-	(80,000)
Total comprehensive income	-	(4,245,072)	(4,245,072)	1,024	(4,244,048)
Balance at 31 December 2019	<u><u>31,193,231</u></u>	<u><u>(12,698,070)</u></u>	<u><u>18,495,161</u></u>	<u><u>(279)</u></u>	<u><u>18,494,882</u></u>

COMPANY 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	31,193,231	1,200,677	32,393,908
Changes in equity			
Dividends	-	(50,000)	(50,000)
Total comprehensive income	-	(4,452)	(4,452)
Balance at 31 December 2018	<u>31,193,231</u>	<u>1,146,225</u>	<u>32,339,456</u>
Changes in equity			
Dividends	-	(80,000)	(80,000)
Total comprehensive income	-	84,419	84,419
Balance at 31 December 2019	<u><u>31,193,231</u></u>	<u><u>1,150,644</u></u>	<u><u>32,343,875</u></u>

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	27	32,671,321	(33,668,983)
Interest paid		(10,853,294)	(9,396,295)
Net cash from operating activities		<u>21,818,027</u>	<u>(43,065,278)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(237,871)	-
Purchase of tangible fixed assets		(78,265,299)	(3,106,389)
Purchase of investment property		(21,187,904)	(30,977,806)
Sale of tangible fixed assets		48,138	17,868
Sale of fixed asset investments		1,012	-
Sale of investment property		254,924	320,000
Increase in subsidiary investment		3,118	-
Interest received		130,673	136,879
Net cash from investing activities		<u>(99,253,209)</u>	<u>(33,609,448)</u>
Cash flows from financing activities			
Woking Borough Council loans advances		73,829,792	77,231,680
Woking Borough Council loan repayments		-	(2,521,469)
Equity dividends paid		(80,000)	(50,000)
Net cash from financing activities		<u>73,749,792</u>	<u>74,660,211</u>
Decrease in cash and cash equivalents		(3,685,390)	(2,014,515)
Cash and cash equivalents at beginning of year	28	8,606,076	10,620,591
Cash and cash equivalents at end of year	28	<u>4,920,686</u>	<u>8,606,076</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2019

1. **STATUTORY INFORMATION**

Thameswey 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 General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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 group 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 group over the interest that it pays on the council's own borrowing.

As part of the Director's review of the going concern status of the group 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 group. 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 group 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.

Basis of consolidation

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

Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

Joint ventures

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Turnover

Turnover primarily comprises rent received in respect of residential letting of the investment properties and the sales value of units of energy supplied to domestic and commercial customers.

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

Energy supplied includes sustainable electricity, gas, heating, cooling as well as surplus energy units supplied to the grid through the Feed in Tariff. Turnover relating to the sales value of units of energy is recognised at the time at which energy is supplied, this is based on periodic meter readings and includes estimates of the value of units supplied to customers between the date of the last meter reading and the year end.

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

Goodwill

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

Intangible fixed assets

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

Computer software - 12.5% on cost

Tangible fixed assets

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

Buildings	- Straight line over 60 years and Straight line over 50 years
Short leasehold	- over remaining term of lease
Motor Vehicles	- Straight line over 4 years
Plant and machinery	- 33% on cost, 20% on reducing balance, Straight line over 24 years, Straight line over 60 years, Straight line over 30 years, Straight line over 20 years and Straight line over 40 years
Assets under construction	- 25% on cost
Fixtures and fittings	- 33% on cost, 25% on cost, 10% on cost, Straight line over 2 years, Straight line over 3 years and Straight line over 4 years
Computer equipment	- 25% on cost, 25% on reducing balance and 12.5% on cost

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

Investment property

Investment property is shown at fair value. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

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 CONSOLIDATED 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 Consolidated 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.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Government grants

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

Investments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

3. OTHER OPERATING INCOME

	2019	2018
	£	£
Rents received	466,595	454,730
Sundry receipts	-	73,785
Contribution amortised	273,443	273,147
Grants amortised	209,900	201,228
	<u>949,938</u>	<u>1,002,890</u>

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	1,948,076	1,459,090
Social security costs	192,996	156,673
Other pension costs	238,346	180,619
	<u>2,379,418</u>	<u>1,796,382</u>

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

	2019	2018
Cost of sales	34	29
Administration	7	6
	<u>41</u>	<u>35</u>

	2019	2018
	£	£
Directors' remuneration	<u>46,983</u>	<u>47,076</u>

5. OPERATING PROFIT

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

	2019	2018
	£	£
Hire of plant and machinery	109,695	108,348
Other operating leases	22,920	22,920
Depreciation - owned assets	2,114,141	1,966,000
(Profit)/loss on disposal of fixed assets	(3,236)	90,434
Goodwill amortisation	42,385	42,385
Computer software amortisation	20,822	-
Auditors' remuneration	83,352	76,334
	<u>2,387,085</u>	<u>2,206,421</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Other interest	<u>10,853,294</u>	<u>9,396,295</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

7. TAXATION

Analysis of the tax credit

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

	2019 £	2018 £
Deferred tax	(2,786,456)	-
Tax on loss	(2,786,456)	-

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2019.

	Gross £	2018 Tax £	Net £
Elimination of disposed reserve	<u> </u>	<u> </u>	<u> </u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	80,000	50,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 January 2019	1,550,161	141,368	1,691,529
Additions	-	237,871	237,871
Disposals	-	(141,368)	(141,368)
Reclassification/transfer	-	121,188	121,188
At 31 December 2019	<u>1,550,161</u>	<u>359,059</u>	<u>1,909,220</u>
AMORTISATION			
At 1 January 2019	1,464,412	141,368	1,605,780
Amortisation for year	42,385	20,822	63,207
Eliminated on disposal	-	(141,368)	(141,368)
At 31 December 2019	<u>1,506,797</u>	<u>20,822</u>	<u>1,527,619</u>
NET BOOK VALUE			
At 31 December 2019	<u>43,364</u>	<u>338,237</u>	<u>381,601</u>
At 31 December 2018	<u>85,749</u>	<u>-</u>	<u>85,749</u>

11. TANGIBLE FIXED ASSETS

Group

	Buildings £	Short leasehold £	Motor Vehicles £	Plant and machinery £
COST				
At 1 January 2019	3,887,603	2,043	33,805	45,519,897
Additions	-	-	65,804	36,674
Disposals	-	-	(20,784)	(5,445)
Transfer to ownership	-	-	-	839,385
At 31 December 2019	<u>3,887,603</u>	<u>2,043</u>	<u>78,825</u>	<u>46,390,511</u>
DEPRECIATION				
At 1 January 2019	590,954	227	18,493	16,613,934
Charge for year	57,698	681	17,960	1,741,355
Eliminated on disposal	-	-	(2,078)	(5,445)
At 31 December 2019	<u>648,652</u>	<u>908</u>	<u>34,375</u>	<u>18,349,844</u>
NET BOOK VALUE				
At 31 December 2019	<u>3,238,951</u>	<u>1,135</u>	<u>44,450</u>	<u>28,040,667</u>
At 31 December 2018	<u>3,296,649</u>	<u>1,816</u>	<u>15,312</u>	<u>28,905,963</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

11. TANGIBLE FIXED ASSETS - continued

Group

	Assets under construction £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	1,316,399	2,233,771	94,748	53,088,266
Additions	78,094,368	41,440	27,013	78,265,299
Disposals	(26,177)	(1,427)	-	(53,833)
Transfer to ownership	(964,373)	3,800	-	(121,188)
At 31 December 2019	<u>78,420,217</u>	<u>2,277,584</u>	<u>121,761</u>	<u>131,178,544</u>
DEPRECIATION				
At 1 January 2019	-	133,145	51,758	17,408,511
Charge for year	6,776	249,963	14,320	2,088,753
Eliminated on disposal	-	(396)	-	(7,919)
At 31 December 2019	<u>6,776</u>	<u>382,712</u>	<u>66,078</u>	<u>19,489,345</u>
NET BOOK VALUE				
At 31 December 2019	<u>78,413,441</u>	<u>1,894,872</u>	<u>55,683</u>	<u>111,689,199</u>
At 31 December 2018	<u>1,316,399</u>	<u>2,100,626</u>	<u>42,990</u>	<u>35,679,755</u>

Company

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019 and 31 December 2019	<u>56,380</u>	<u>32,563</u>	<u>12,349</u>	<u>101,292</u>
DEPRECIATION				
At 1 January 2019	30,539	32,563	12,349	75,451
Charge for year	2,349	-	-	2,349
At 31 December 2019	<u>32,888</u>	<u>32,563</u>	<u>12,349</u>	<u>77,800</u>
NET BOOK VALUE				
At 31 December 2019	<u>23,492</u>	<u>-</u>	<u>-</u>	<u>23,492</u>
At 31 December 2018	<u>25,841</u>	<u>-</u>	<u>-</u>	<u>25,841</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

12. FIXED ASSET INVESTMENTS

Group

	Interest in joint venture £
COST	
At 1 January 2019	278,015
Share of profit/(loss)	<u>(3,118)</u>
At 31 December 2019	<u>274,897</u>
NET BOOK VALUE	
At 31 December 2019	<u>274,897</u>
At 31 December 2018	<u>278,015</u>

Interest in joint venture

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

	2019 £	2018 £
Loss before tax	(2,960)	(6,504)
Taxation	-	-
Loss after tax	<u>(2,960)</u>	<u>(6,504)</u>
Share of assets		
Fixed assets	-	-
Current assets	1,371,896	1,254,584
Share of liabilities		
Share of liabilities due within one year	(314,295)	(194,023)
Share of liabilities due after one year or more	(782,705)	(782,705)
Share of net assets	<u>274,896</u>	<u>277,856</u>

Company

	Unlisted investments £
COST	
At 1 January 2019 and 31 December 2019	<u>31,993,540</u>
NET BOOK VALUE	
At 31 December 2019	<u>31,993,540</u>
At 31 December 2018	<u>31,993,540</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

12. FIXED ASSET INVESTMENTS - continued

Company

The directors review and approve the business plans for each trading subsidiary company 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 and the full Council for approval. The principal and earlier investment return to the Council is via loan margins. For these reasons the directors believe that it is appropriate to include these investments in the accounts at cost with no provision for impairment.

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

Subsidiaries

Thameswey Energy Limited

Registered office: The St Botolph Building, 138 Houndsditch London EC3A 7AR
Nature of business: Production of electricity and heat.

	%		
Class of shares:	holding		
£1 Ordinary 'Class B' Shares	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		36,315	479,316
Loss for the year		(443,001)	(403,497)

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

Thameswey Housing Limited

Registered office: The St Botolph Building, 138 Houndsditch London EC3A 7AR
Nature of business: Provision of affordable housing.

	%		
Class of shares:	holding		
£1 Ordinary Shares	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		33,391,231	37,452,738
Loss for the year		(4,061,507)	(2,927,792)

Thameswey Maintenance Services Limited

Registered office: The St Botolph Building, 138 Houndsditch London EC3A 7AR
Nature of business: Maintenance of power installation.

	%		
Class of shares:	holding		
£1 Ordinary Shares	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		702,351	650,042
Profit for the year		52,309	41,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

12. **FIXED ASSET INVESTMENTS - continued**

Thameswey Sustainable Communities Limited

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

Nature of business: Promoting energy efficiency.

	%		
Class of shares:	holding		
£1 Ordinary	100.00	2019	2018
		£	£
Aggregate capital and reserves		302,945	304,850
Loss for the year		(1,905)	(4,397)

Thameswey Developments Limited

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

Nature of business: Property Development

	%		
Class of shares:	holding		
£1 Ordinary	100.00	2019	2018
		£	£
Aggregate capital and reserves		1,960,033	1,869,129
Profit for the year		90,904	463,403

Thameswey Developments Limited has a 50% interest in Rutland (Woking) Limited and Rutland Woking (Carthouse Lane) Limited, both are property development companies incorporated in England and Wales.

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		
£1 Ordinary	100.00	2019	2018
		£	£
Aggregate capital and reserves		615,311	575,510
Profit for the year		119,801	67,490

Thameswey Solar Limited

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

Nature of business: Provision of solar photovoltaic panels.

	%		
Class of shares:	holding		
£1 Ordinary	100.00	2019	2018
		£	£
Aggregate capital and reserves		1,196,964	1,179,463
Profit/(loss) for the year		17,501	(1,016)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

12. **FIXED ASSET INVESTMENTS - continued**

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
£1 Ordinary	75.00	£	£
Aggregate capital and reserves		1,116	(676)
Profit/(loss) for the year		1,791	(5,211)

13. **INVESTMENT PROPERTY**

Group

	Total £
FAIR VALUE	
At 1 January 2019	173,412,959
Additions	33,275,824
Disposals	(254,924)
Reclassification/transfer	(12,342,844)
At 31 December 2019	194,091,015
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	194,002,158
At 31 December 2018	173,349,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

13. INVESTMENT PROPERTY - continued

Group

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".

14. STOCKS

	Group	
	2019	2018
	£	£
Stocks	5,011,884	15,943,027
Work-in-progress	71,701,231	91,951,693
	<u>76,713,115</u>	<u>107,894,720</u>

During the year interest of £2,311,594 (2018 - £1,562,579) was capitalised and included in work-in-progress.

15. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,086,481	2,519,570	12,589	40,927
Amounts owed by group undertakings	-	-	257,241	87,241
Amounts recoverable on contract	21,887,706	183,643	-	-
Other debtors	190,181	38,149	-	-
Other debtors	286,797	104,348	146,428	151,214
Other debtors - proceeds	140,627	-	-	-
VAT	703,444	-	-	-
Prepayments and accrued income	1,213,481	1,140,791	6,502	5,374
	<u>25,508,717</u>	<u>3,986,501</u>	<u>422,760</u>	<u>284,756</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

15. DEBTORS - continued

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due after more than one year:				
Other debtors	<u>2,209,853</u>	<u>1,364,950</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>27,718,570</u>	<u>5,351,451</u>	<u>422,760</u>	<u>284,756</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	1,791,249	4,409,222	14,801	26,279
Amounts owed to group undertakings	9,204,019	21,950,067	77,019	-
Social security and other taxes	78,721	61,064	-	-
VAT	-	37,823	739	3,377
Other creditors	251,331	214,309	-	-
Deferred income	20,826,602	3,145,931	8,750	20,448
Accrued expenses	3,269,213	1,680,311	-	-
Deferred grants - other	5,867	-	-	-
	<u>35,427,002</u>	<u>31,498,727</u>	<u>101,309</u>	<u>50,104</u>

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

	Group	
	2019	2018
	£	£
Amounts owed to group undertakings	345,117,792	258,541,952
Other creditors	2,209,853	1,364,950
	<u>347,327,645</u>	<u>259,906,902</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	22,920	22,920
Between one and five years	51,070	73,990
	<u>73,990</u>	<u>96,910</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

19. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	<u>1,376,629</u>	<u>4,163,085</u>
Other provisions	<u>83,425</u>	<u>83,425</u>
Aggregate amounts	<u>1,460,054</u>	<u>4,246,510</u>
Group		Deferred tax
		£
Balance at 1 January 2019		4,163,085
Change in tax rates		(2,786,456)
Disposed of subsidiary		<u> </u>
Balance at 31 December 2019		<u>1,376,629</u>

20. ACCRUALS AND DEFERRED INCOME

	Group	
	2019	2018
	£	£
Accruals and deferred income	6,167,371	6,328,260
Grants received from related undertakings	6,806,009	6,417,025
Grants from other bodies	17,263	28,902
	<u>12,990,643</u>	<u>12,774,187</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
31,193,231	Ordinary	£1	<u>31,193,231</u>	<u>31,193,231</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 CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

22. RESERVES

Group

	Retained earnings £
At 1 January 2019	(8,372,998)
Deficit for the year	(4,245,072)
Dividends	(80,000)
	<hr/>
At 31 December 2019	<u>(12,698,070)</u>

Company

	Retained earnings £
At 1 January 2019	1,146,225
Profit for the year	84,419
Dividends	(80,000)
	<hr/>
At 31 December 2019	<u>1,150,644</u>

23. NON-CONTROLLING INTERESTS

The minority interest represents 25% of the ordinary share capital of Rutland Woking (Residential) Limited held by Rutland Properties Limited.

24. 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 CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

25. RELATED PARTY DISCLOSURES

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

Group

Group companies paid interest to Woking Borough Council £13,164,889 (2018 - £9,396,295) on loans charged at rates ranging from 3% to 7%.

Company

The company paid Woking Borough Council £nil (2018 - £10,000) in respect of a Trade Mark licence for the use of the trademark "Thameswey".

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Woking Borough Council.

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

	2019	2018
	£	£
Loss before taxation	(7,030,504)	(4,569,357)
Depreciation charges	2,177,348	2,008,886
(Profit)/loss on disposal of fixed assets	(3,236)	90,434
Finance costs	10,853,294	9,396,295
Finance income	(130,673)	(136,879)
	<u>5,866,229</u>	<u>6,789,379</u>
Decrease/(increase) in stocks	31,181,605	(42,244,722)
Increase in trade and other debtors	(22,367,119)	(2,046,470)
Increase in trade and other creditors	17,990,606	3,832,830
Cash generated from operations	<u><u>32,671,321</u></u>	<u><u>(33,668,983)</u></u>

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	<u>4,920,686</u>	<u>8,606,076</u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>8,606,076</u>	<u>10,620,591</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2019

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank and in hand	8,606,076	(3,685,390)	4,920,686
	<u>8,606,076</u>	<u>(3,685,390)</u>	<u>4,920,686</u>
Total	<u>8,606,076</u>	<u>(3,685,390)</u>	<u>4,920,686</u>