

Wokingham Enterprises Limited

Annual Report and the Financial Statements

For the Year Ended 31st March, 2012

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1. COMPANY INFORMATION

Directors:

J R Pike
Ms J E McGivern
A Moulton
K I McKenzie
A J Auty
U Clark

Registered Office:

Civic Offices,
Shute End,
Wokingham,
Berkshire,
RG40 1BN

Registered Number:

07105213 (England and Wales)

Senior Statutory Auditor:

Andrew Beet FCA

Auditors:

Rice Associates Limited,
Registered Auditors,
3-4 Market Chambers,
Market Place,
Wokingham,
Berkshire,
RG40 1AL

Wokingham Enterprises Ltd is a company wholly owned and set up by Wokingham Borough Council for the purpose of enabling the regeneration of the town centre of Wokingham. The company was set up in 2009 but actually commenced trading on 24th June, 2010. The main trading activity of WEL is that of property investment. The income is derived from the assets acquired in June 2010, which comprised a number of retail units collectively known as Peach Place.

2. REPORT OF THE DIRECTORS for the year ended 31st March, 2012

Directors' Report

The directors present their report with the financial statements of the company for the year ended 31st March, 2012

Principal Activities

The main trading activity of WEL is that of property investment. The income is derived from the assets acquired in June 2010, which comprised a number of retail units collectively known as Peach Place.

Directors

The directors, who have held office during the period from 1st April, 2011 to 31st March, 2012, are as follows

Name	Date of Appointment	Date of Resignation
J R Pike		15 th November, 2012
Ms J E McGivern		15 th November, 2012
A Moulton		
K I McKenzie		
A J Auty	12 th May, 2011	14 th November, 2012
Mrs P A Jorgensen	12 th May, 2011	5 th July, 2012
U Clark	5 th July, 2012	
A M Ghose	3 rd February 2012	20 th June 2012

All the directors who are eligible offer themselves for election at the forthcoming Annual General Meeting

Statement of Going Concern

The Company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its exposure to liquidity and cash flows have been considered by the directors

The directors have revalued the company's investment property at £9,020,000 at 31st March, 2012 leading to a credit to the reserves of £164,193 which, in addition to the Profit of £4,886 after provision for tax, leads to a Statement of Financial Position deficit of £578,199

On 4th May, 2010, Wokingham Borough Council Executive held an extraordinary meeting at which it was agreed that

"Whilst Wokingham Enterprises Limited remains a wholly owned company of Wokingham Borough Council

- a) the Council funds the operating losses of Wokingham Enterprises Limited from its working balances and charge Wokingham Enterprises Limited at a rate of average borrowing rate

- for the Council times average operating balance of the company (to be determined by the General Manager of Business Services),
- b) the Council acts as guarantor for any losses and liabilities in respect of Wokingham Enterprises Limited ”

On the basis of this executive decision, in the opinion of the directors, the Company with the support of the Council, has sufficient financial resources to manage its financial risks successfully for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

The Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 judgments and estimates that are reasonable and prudent,
- state whether applicable IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the on-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 to 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.

Events occurring after the balance sheet date

The decision made by The Trading and Enterprises Sub Committee (TESC) on 22nd October 2012 will see the activities of Wokingham Enterprises Limited (WEL) transferred to Wokingham Borough Council (WBC). WEL will be placed into dormant status (following the complete transfer of activities) leaving the two Council Officers as the sole holding Directors (whilst the company is in dormant status). All other Director positions are to be disbanded. The Council's shareholder representative will determine the optimum timing of the transfer of activities. WBC will continue to act as guarantor for any losses and liabilities in respect of WEL so long as WEL remains a wholly owned subsidiary of WBC.

Steps are currently being taken to effectively reduce the operating costs in WEL as a means of streamlining the business, prior to the transfer taking place.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board:

A handwritten signature in black ink, appearing to read 'Ken W', with a long horizontal flourish extending to the right.

K I McKenzie – Director

Date 4 December 2012

3. REPORT OF THE AUDITORS

We have audited the financial statements of Wokingham Enterprises Limited for the year ended 31 March 2012 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 23 to the financial statements concerning the company's ability to continue as a going concern. The company's liabilities exceeded its total assets by £578,199 and it had net current liabilities of £492,450, although the company's losses and liabilities are guaranteed by Wokingham Borough Council. These conditions, along with the other matters explained in note 23 to the financial statements – particularly the decision of the Wokingham Borough Council (WBC) Trading and Enterprises Sub Committee that the company's activities should be transferred to WBC and the company become dormant - indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

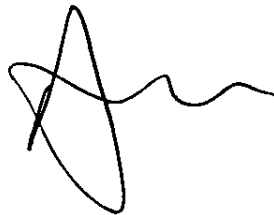
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Andrew Beet FCA (Senior Statutory Auditor)

For and on behalf of Rice Associates Limited,
Statutory Auditor,
3-4 Market Chambers,
Market Place,
Wokingham,
Berkshire,
RG40 1AL



Date 10 12 12

4. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretation as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for the revaluation of investment properties.

The company is a wholly owned subsidiary of Wokingham Borough Council which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2011/2012 (the Code). Where possible the company has selected accounting policies consistent with the Code, however where the Code is not applicable IFRS and IFRIC interpretations as adopted by the EU have been followed.

A summary of the more important accounting policies is set out below.

The Statements reflect the requirements of International Financial Reporting Standards (IFRS) by adopting the core accounting principles and concepts of

- **Accruals Basis** – other than the Cash Flow Statement, the financial statements have been prepared on an accruals basis and report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid,
- **Going Concern** - the financial statements have been prepared on the assumption that the Company will continue in operational existence for the foreseeable future,
- **Understandability** – the statements have been prepared to ensure they are as easy to understand as possible,
- **Relevance** - the financial statements provide information about the Company's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions,
- **Reliability** – the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place, are free from deliberate or systematic bias and material error, are complete within the bounds of materiality and cost and have been prudently prepared,
- **Comparability** – the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years,

- **Materiality** – the statements disclose items of a certain size and nature such that they provide a fair presentation of the financial position and transactions of the Company
- **Legality** – where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements,

4.1 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services,
- Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue
- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Statement of Financial Position,
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Statement of Financial Position,
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract,
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Statement of Financial Position. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected,
- Where payments are made or received in advance of a service being provided or received a payment or receipt in advance is recognised as a debtor or creditor in the Statement of Financial Position,
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure

4.2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with little risk of change in value

4.3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Adjustments applicable to prior years arising from changes in accounting policies are accounted for by restating the comparative figures for the preceding period and by adjusting opening balances as if the new policy had always been applied

Changes in accounting estimates are accounted for in the current and future years affected by the change but do not give rise to a prior year adjustment

Material errors are corrected retrospectively by restating the comparative figures for the preceding period and by adjusting the opening balances

4.4. Financial Instruments

i. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Finance Costs section of the Income Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Company has, this means that the amount presented in the Statement of Financial Position is the outstanding principal repayable (plus accrued interest) and interest charged to the Income Statement is the amount payable for the year according to the loan agreement.

The Company does not issue bonds.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Finance Costs section of the Income Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income Statement is spread over the life of the loan by an adjustment to the effective interest rate.

ii Financial Assets

Loans and Receivables (including trade receivables) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost.

4.5. Investment Property

Investment properties are those that are used solely to earn rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually, according to market conditions at the year end. Gains and losses on revaluation or disposal are posted to the Income Statement.

Rentals received in relation to investment properties are credited to the Revenue section of the Income Statement.

4.6. Leases

Operating Leases as a Lessor

An asset held by the Company for use in operating leases by a lessor is retained in the Statement of Financial Position and revalued at Fair Value annually (because they are all classed as Investment Properties rather than as items of Property, Plant and Equipment when they would be depreciated over their useful life). Rental income from operating leases, excluding charges, is recognised in the Revenue line of the Income Statement as income is received.

This policy is a departure from IFRS which states that rentals receivable should be charged to revenue on a straight-line basis over the term of the lease, even if this does not match the pattern of the payments. The Company believes that this departure from IFRS is not material.

4.7. Overheads and Support Services

The Company does not attract overheads or support services as it has no employees. Costs relating to finance and legal services for example are purchased as a supply and are part of the Company's operating costs.

4.8. VAT

VAT payable is included as an expense, only to the extent that it is irrecoverable. VAT receivable is excluded from income.

4.9. Corporation Tax

Corporation Tax is accounted for in the Income Statement on an accrued basis using an estimate of corporate tax liability for the year. Any losses are offset against future profits.

4.10 Tenant Deposits

Tenant deposits are not recognised in the Company's statement of financial performance within cash and cash equivalents but are held for and on behalf of tenants. Tenant deposits held are disclosed in the notes to the financial statements.

5. FINANCIAL STATEMENTS

COMPANY STATEMENT OF COMPREHENSIVE INCOME – by function of expenses for the year ended 31st March 2012

	Notes	Period ended 31 st March 2011 UK GAAP £	Period ended 31 st March 2011 Restated £	31 st March 2012 £
Revenue		449,721	443,497	653,038
Movement in Fair Value of Investment Property		0	(696,387)	164,193
Other Expenses	8	(178,785)	(172,561)	(222,882)
Profit from Operations		270,936	(425,451)	594,349
Finance Costs	9	(324,827)	(324,827)	(423,770)
Profit before Income Taxes from Continuing Operations		(53,891)	(750,278)	170,579
Taxation	10	0	0	(1,500)
(Loss) / Profit for the Year		(53,891)	(750,278)	169,079
Total Comprehensive Income for the Year		(53,891)	(750,278)	169,079
Attributable to Parent Undertaking		(53,891)	(750,278)	169,079
Total Comprehensive Income for the year		(53,891)	(750,278)	169,079

The accounting policies on pages 7–10 and the notes on pages 15-25 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION as at 31st March 2012

	Notes	31 st March, 2011 UK GAAP £	31 st March, 2011 £	31 st March, 2012 £
Assets:				
Non-Current Assets				
Investment Property	11	8,719,179	8,719,179	9,020,000
		8,719,179	8,719,179	9,020,000
Current Assets				
Trade and Other Receivables	12	39,372	39,372	90,765
Cash and Cash Equivalents	13	457,054	457,054	141,397
		496,426	496,426	232,162
Current Liabilities				
Financial Liabilities – Short Term Borrowing	14	(376,011)	(183,912)	(245,610)
Trade and Other Payables	15	(562,612)	(562,612)	(479,002)
		(938,623)	(746,524)	(724,612)
Net Current Assets / (Liabilities)		(442,197)	(250,098)	(492,450)
Non-Current Liabilities				
Financial Liabilities - Borrowing	14	(9,024,260)	(9,216,359)	(9,105,749)
		(9,024,260)	(9,216,359)	(9,105,749)
Net Liabilities		(747,278)	(747,278)	(578,199)
Equity:				
Reserves	18	(750,278)	(750,278)	(581,199)
Share Capital	16	3,000	3,000	3,000
Total Equity		(747,278)	(747,278)	(578,199)

The financial statements were approved by the Board of Directors on 4th Dec 2012 and signed on its behalf by

Approved on behalf of the board



K I McKenzie – Director

Date 4 December 2012

The accounting policies on pages 7-10 and the notes on pages 15-25 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2012

	Retained Earnings £	Share Capital £	Total £
Balance as at 15th December 2009	0	3,000	3,000
Comprehensive Income Profit	(53,891)	0	(53,891)
Other comprehensive income	(696,387)	0	(696,387)
Balance at 31st March, 2011	(750,278)	3,000	(747,278)
Comprehensive Income Profit	4,886	0	4,886
Other comprehensive income	164,193	0	164,193
Balance at 31st March, 2012	(581,199)	3,000	(578,199)

The accounting policies on pages 7–10 and the notes on pages 15-25 are an integral part of these financial statements

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CASH FLOW STATEMENT for the year ended 31st March, 2012

	Notes	Period ended 31 st March, 2011 UK GAAP £	Period ended 31 st March, 2011 Restated £	31 st March, 2012 £
Profit / (Loss) before Tax		(53,891)	(750,278)	169,079
Interest Expense		0	0	414,480
Cash Generated from Operations		(53,891)	(750,278)	583,559
Change in Trade and Other Receivables	12	(39,372)	(39,372)	(51,393)
Change in Trade and Other Payables	15	938,623	562,612	(83,610)
Change in Fair Value	11	0	0	(164,193)
Net Cash Flows from Operating Activities		845,360	(227,038)	284,363
Cash Flows from Investing Activities				
Purchase of Investment Properties	11	(9,415,566)	(8,719,179)	(136,628)
Net Cash Flows from Investing Activities		(9,415,566)	(8,719,179)	(136,628)
Cash Flows from Financing Activities				
Cash Receipt of Loan	14	9,024,260	9,216,359	196,698
Principal Repayment	14		183,912	(245,610)
Interest on Investing Activities				(414,480)
Net Cash Flows from Financing Activities		9,024,260	9,400,271	(463,392)
Net Increase / (Decrease) in Cash and Cash Equivalents		454,054	454,054	(315,657)
Cash and Cash Equivalents at Beginning of Year		3,000	3,000	457,054
Cash and Cash Equivalents at End of Year	13	457,054	457,054	141,397

The accounting policies on pages 7–10 and the notes on pages 15-25 are an integral part of these financial statements

6. NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

The accounting policies used to complete this Statement of Accounts are produced in full in section 4

NOTE 2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out earlier, the Company has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are

Wokingham Borough Council has full control over the operating activities of Wokingham Enterprise Ltd and as such classifies this company as a subsidiary. These financial statements are therefore shown in the consolidated accounts for Wokingham Group.

NOTE 3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by directors about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in WEL's Statement of Financial Position at 31st March, 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 st March 2012, WEL had a balance of Trade and other receivables of £90,765. Following an assessment of outstanding debt, a £7,180 bad and doubtful debt provision was made. However, in the current climate it is not certain that such an allowance would be sufficient.	The provision set aside for bad debt increases according to the age of the debt. If collection rates were to deteriorate, a 1% increase in the amount of the impairment of doubtful debts would require an additional £6k to set aside as an allowance for sundry debts.
Investment Property Valuation	Estimation of the valuation of investment property depends on a number of complex judgements. The company's valuer, Andrew Spicer, of	If the cost of new investment property differs from the carrying amount then the total value of assets on the statement of financial performance may be over or understated. It is not

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	Wokingham Borough Council provides the Council with expert advice about the assumptions to be applied	possible to quantify the effect of this difference in estimates

NOTE 4 MATERIAL ITEMS OF INCOME AND EXPENSE

Material Items of Income and Expense during 2011/2012 which related to the WEL's Non-Current Assets included the following,

- Purchase of a flat in Market Place, Wokingham for £136,628
- There were no other material items of income and expense

NOTE 5 PRIOR PERIOD ADJUSTMENTS – ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Wokingham Enterprise Limited's accounts for the period 15 December, 2009 to 31 March, 2011 were the first set of accounts prepared for the Company. The reporting framework used for these accounts was UK GAAP applicable to smaller companies (the Financial Reporting Standard for Small Enterprises (FRSSE)).

The parent, Wokingham Borough Council, prepared its accounts in accordance with accounting practices as set out by International Financial Reporting Standards (IFRS) adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2010/2011 (the Code). The departure from the group accounting policies was adjusted on consolidation of the Wokingham Group Accounts 2010/11.

In producing these financial statements, the 2010/11 accounts have been restated according to IFRS (insofar as possible as per the group accounting policies) and where there are material changes to treatment or classification between UK GAAP and IFRS they are noted below.

The Directors revalued WEL's investment property in the 2010/11 financial accounts debiting the deficit to the Revaluation Reserve in expectation of the reduction in market value being temporary. However, under IFRS, the Revaluation Reserve can only be debited up to the amount of accumulated gains, of which in 2010/11 there were none. In such cases the carrying amount of the asset should be written down and charged to the Income Statement.

The 2010/11 comparative figures in the 2011/12 Statement of Financial Position have therefore been restated from the 2010/11 published figures as follows:

Statement of Financial Position Item	2010/11 Closing Balance UK GAAP £	Adjustment £	2010/11 Closing Balance IFRS £
Revaluation Reserve	(696,387)	696,387	0
Loss for the Year	(53,891)	(696,387)	(750,278)
Total Equity	(750,278)	0	(750,278)

£

NOTE 6 PRIOR PERIOD ADJUSTMENT

In preparing the financial statements for the period ended 31 March 2011, the repayment of principal on the loan due to WBC was calculated on a 4% reducing balance method. According to Council policy the Minimum Revenue Provision (MRP) should be calculated using the asset life method. In addition tenant deposits were recognised within the statement of financial position as part of cash and cash equivalents with a corresponding creditor. Tenant deposits are third party assets and should not be recognised as an asset or liability of Wokingham Enterprise Ltd.

The 2011 comparative figures in the 2011/12 Statement of Financial Position have therefore been restated as shown below

Statement of Financial Position Item	2010/11 Closing Balance	Adjustment	2010/11 Closing Balance
	£	£	£
Cash and Cash Equivalents	461,054	(4,000)	457,054
Trade and Other Payables	566,612	(4,000)	562,612
Short Term Borrowing	(376,011)	192,099	183,912
Net Current Assets / (Liabilities)	(442,197)	192,099	(250,098)
Long Term Borrowing	(9,024,260)	(192,099)	(9,216,359)

Cashflow Statement	Period ending 31 st March 2011	Adjustment	Period ending 31 st March 2011
	£	£	£
Change in Trade and Other Payables	566,612	(4,000)	562,612
Cash and Cash Equivalents at the end of the Year	461,054	(4,000)	457,054

NOTE 7 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

- **Adjusting Events** – No adjusting events occurred after the Statement of Financial Position date
- **Non-adjusting Events** – No adjusting events occurred after the Statement of Financial Position date

The accounts were authorised for issue on 11th September 2012 by K I McKenzie – Director on behalf of the Board of Directors. Once authorised for issue the statements cannot be amended.

NOTE 8 OTHER EXPENSES

The Company has incurred the following costs in arriving at the profit before taxation

	Period ended 31 st March, 2011 UK GAAP £	Period ended 31 st March, 2011 Restated £	31 st March, 2012 £
Premises Costs	24,791	18,567	70,253
Transport Costs	74	74	461
Supplies and Services	148,920	148,920	147,140
Auditors' Remuneration – statutory audit	5,000	5,000	5,028
	178,785	172,561	222,882

NOTE 9 FINANCE COSTS

The Finance Costs shown on the face of the Income Statement can be broken down as follows

	Period ended 31 st March, 2011 £	31 st March, 2012 £
Interest Payable on Loans	(324,503)	(423,480)
Interest and Similar Charges Payable	(324)	(290)
Total	(324,827)	(423,770)

NOTE 10 CORPORATION TAX

In the period ended 31st March, 2011, no liability to Corporation Tax arose on the company's loss

	2011 £	2012 £
Corporation tax at 20%	0	1,500

The tax charge for the year is lower than the small profits rate of corporation tax in the UK of 20%

Factors affecting the tax charge for the year

	2011 Restated £	2012 £
(Loss)/Profit before taxation from continuing operations	(750,278)	170,579
(Loss)/Profit before taxation from continuing operations multiplied by small profit rate of corporation tax in the UK of 20%	(150,056)	34,116
Effects of		
Adjustment in respect of movement in fair value of investment property	139,277	(32,839)
Tax losses not utilised	10,779	0
Other	0	223
	0	1,500

NOTE 11 INVESTMENT PROPERTY

The property assets comprise shops, some with ancillary accommodation, flats, offices, car parking and loading areas, managed as one investment, and including 2-16b Peach Street, 1-4 The Arcade and Arcade Offices, 34-42 Market Place and 1-5 Rose Street, Wokingham

The assets are held as an investment and are measured at Market Value (MV) as defined in VS 3.2 of the RICS Valuation Standards as

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

It has been assumed that upon lease renewal or re-letting, current estimated rental values (ERV) will be achieved. No allowance has been made for rental growth above ERV

There are no restrictions on the Company's ability to realise the value inherent in its investment property or on the Company's right to the remittance of income and the proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The Company's property assets were valued in May 2012 by A Spicer MRICS as at 31st March 2012 at £9,020,000

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The following table summarises the movement in the fair value of investment properties over the year

	31 st March, 2011	31 st March, 2012
	£	£
Balance at the Start of the Year	0	8,719,179
Additions		
• Purchases	9,415,566	136,628
• Construction	0	0
• Subsequent Expenditure	0	0
Disposals	0	0
Net Gains / (Losses) from Fair Value Adjustments	(696,387)	164,193
Transfers		
• To / From Inventories	0	0
• To / From Property, Plant and Equipment	0	0
Other Changes	0	0
Balance at the End of the Year	8,719,179	9,020,000

NOTE 12 TRADE AND OTHER RECEIVABLES

These are amounts that were due to WEL in full at the end of the accounting year and are net of doubtful debt provisions. They can be analysed as follows

	31st March, 2011	31st March, 2012
	£	£
Trade Receivables	37,095	25,700
Less Provision for Impairment of Receivables	0	(7,180)
Net Trade Debtors	37,095	18,520
Owed by WBC	0	70,350
Prepayments	2,277	1,895
Total	39,372	90,765

Following an assessment of outstanding trade receivables at the year end, a £7,180 bad and doubtful debt provision was made. The provisions are set on the basis of outstanding debt and are required to safeguard against future under or non-recoveries. The movement in the doubtful receivables provision has been charged within the Income Statement.

The decision to impair the relevant receivables is based on an independent review of each case on its own merits rather than its ageing profile. The ageing profile of the provision is, however, shown below

	31st March, 2011	31st March, 2012
	£	£
Less than One Month	0	7,010
More than One Month	0	170
	0	7,180

The prepayments and amounts owed by WBC do not contain impaired assets

NOTE 13 CASH AND CASH EQUIVALENTS

The following elements comprise Cash and Cash Equivalents

	31st March, 2011 £	31st March, 2012 £
Cash at Bank and In Hand	457,054	141,397
Total Cash and Cash Equivalents	457,054	141,397

The effective interest rate on short-term deposits was 0.9% (2011 0.9%) i.e. 0.4% above base rate

Wokingham Enterprise Ltd holds deposit monies on behalf of tenants upon commencement of their lease agreements. The balance of deposits held as at 31st March 2012 was £26,983 (2011 - £4,000)

NOTE 14 FINANCIAL LIABILITIES - BORROWINGS

On 25th June, 2010, Wokingham Borough Council (WBC) advanced a loan to WEL of £9,400,271 for the purchase of the freehold of properties collectively known as Peach Place in Wokingham. The loan term is 40 years and the final repayment is due on 24th June, 2050. The first principal repayment of £183,912 fell due in 2011-12.

On 28th November, 2011, WBC advanced a second loan to WEL of £135,000 for the purchase of the leasehold of another property within Peach Place. The loan term is 40 years and the final repayment is due on 27th November, 2051. No principal was due to be repaid in 2011-12.

The amounts due for future principal repayment can be summarised as follows

	31 st March, 2011 UK GAAP £	31 st March, 2011 Restated £	31st March, 2012 £
Due in less than 1 year	376,011	183,912	245,610
Total Short Term Borrowing	376,011	183,912	245,610
Due in 1-2 years	360,970	244,430	251,451
Due in 3-5 years	998,565	733,292	743,825
Due in over 5 years	7,664,725	8,238,637	8,110,473
Total Long Term Borrowing	9,024,260	9,216,359	9,105,749
Total Borrowing	9,400,271	9,400,271	9,351,359

NOTE 15 TRADE AND OTHER PAYABLES

These are amounts due to be paid by WEL at the end of the accounting year and include

	31st March, 2011	31st March, 2011	31st March, 2012
	UK GAAP	Restated	
	£	£	£
Trade Payables	0	0	142
Amounts Owed to WBC	324,504	324,504	194,713
VAT Payable	45,379	45,379	29,549
Other Tax Payable	0	0	1,500
Other Creditors	0	0	7,684
Accruals	77,259	77,259	75,630
Deferred Income	115,470	115,470	169,784
Total	562,612	562,612	479,002

NOTE 16 CALLED UP SHARE CAPITAL

3,000 authorised and fully paid Ordinary £1 00 shares are held by WBC Each share carries equal rights in respect of voting and sharing in the financial results and residual value upon winding up of the Company

	31st March, 2011	31st March, 2012
	£	£
Called up Share Capital	3,000	3,000
Total Share Capital	3,000	3,000

WEL is limited by shares and is domiciled and incorporated in the United Kingdom

NOTE 17 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Statement of Financial Position

	31st March, 2011	31st March, 2011	31st March, 2012
	UK GAAP	Restated	
	£	£	£
Financial Liabilities - Borrowings	(9,024,260)	(9,216,359)	(9,105,749)
Trade and Other Payables	(942,622)	(750,524)	(751,505)
Trade and Other Receivables	39,372	39,372	90,765
Cash at Bank and in Hand	457,054	457,054	141,393

Short term assets and liabilities are carried at cost as this is a fair approximation of their value

NOTE 18 RETAINED EARNINGS

	31 st March, 2011 UK GAAP £	31 st March, 2011 Restated £	31 st March 2012 £
At 1 st April	0	0	(750,278)
Profit / (Loss) for the Year	(53,891)	(750,278)	169,079
At 31st March	(53,891)	(750,278)	(581,199)

NOTE 19 DIRECTORS' FEES

WEL paid the following amounts to Directors of the Company during the year (2011 period)

	2010/11 £	2011/12 £
Ms J E McGivern	12,444	28,000
Mr J R Pike	3,775	15,461
Other	0	1,724
	16,219	45,184

NOTE 20 RELATED PARTIES

During the year the Company has undertaken transactions with Wokingham Borough Council, of which Wokingham Enterprises Limited (WEL) is a wholly owned subsidiary

	2010/11 £	2011/12 £
Expenditure with Wokingham Borough Council		
Support Services	57,039	113,049
Repayment of Principal on Loan	0	183,913
Interest on Loan	324,503	414,480
	381,542	711,442
Amounts Owed to Wokingham Borough Council		
Capital	9,400,271	9,351,359
Repayment of Interest on Loan	0	9,000
	9,400,271	9,360,359
Amounts Owed by Wokingham Borough Council		
Reimbursement of Professional Fees	0	56,125
	0	56,125

As sole shareholder of the WEL, Wokingham Borough Council funds any operating losses reported by the Company from its working balances as a loan to the Company. The losses are carried forward in the retained earning reserve. In addition the Council acts as guarantor for any losses or liabilities incurred by the Company, particularly any residual losses that may be incurred by the

Company if it was to cease trading and were wound up however, the Company continues to act as a going concern for the foreseeable future

NOTE 21 ULTIMATE PARENT

The Directors of WEL regard Wokingham Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. Copies of the Consolidated Group Accounts are available from www.wokingham.gov.uk

NOTE 22 OPERATING LEASES

The Company has a number of premises which it leases out on an operating lease basis for the following purposes

- for economic development
- for the provision of residential accommodation

The future minimum lease payments receivable under non-cancellable leases in future years are

	31st March, 2011 £,000	31st March, 2012 £,000
Not Later than One Year:		
Shops	521	582
Other	6	5
Later than One Year and not Later than Five Years:		
Shops	1,253	1,510
Other	5	0
Later than Five Years:		
Shops	1,461	1,227
Other	12	10
	3,258	3,334

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2011/12 £0 contingent rents were receivable by the Company (2010/11 £0)

NOTE 23 GOING CONCERN

The company has a Statement of Financial Position deficit of £578,199 at 31 March 2012

The company is wholly reliant on support from its sole shareholder, Wokingham Borough Council

On 4th May, 2010, Wokingham Borough Council Executive held an extraordinary meeting at which it was agreed that

"Whilst Wokingham Enterprises Limited remains a wholly owned company of Wokingham Borough Council

- a) the Council funds the operating losses of Wokingham Enterprises Limited from its working balances and charge Wokingham Enterprises Limited at a rate of average borrowing rate

- for the Council times average operating balance of the company (to be determined by the General Manager of Business Services),
- b) the Council acts as guarantor for any losses and liabilities in respect of Wokingham Enterprises Limited ”

The decision made by The Trading and Enterprises Sub Committee (TESC) on 22nd October 2012 will see the activities of Wokingham Enterprises Limited (WEL) transferred to Wokingham Borough Council (WBC) WEL will be placed into dormant status (following the complete transfer of activities) leaving the two Council Officers as the sole holding Directors (whilst the company is in dormant status) All other Director positions are to be disbanded The Council's shareholder representative will determine the optimum timing of the transfer of activities WBC will continue to act as guarantor for any losses and liabilities in respect of WEL so long as WEL remains a wholly owned subsidiary of WBC

On the basis of the executive and TESC decisions, in the opinion of the directors, the Company with the support of the Council, has sufficient financial resources to manage its financial risks successfully for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

NOTE 24 WOKINGHAM BOROUGH COUNCIL

The company's results are included in the consolidated financial statements of Wokingham Borough Council A copy of these financial statements can be obtained from the internet site <http://www.wokingham.gov.uk/council/transparency/?locale=en>