

Wokingham Enterprises Limited

Annual Report and the Financial Statements

For the Year Ended 31st March, 2013

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1. COMPANY INFORMATION

Directors:

A Moulton
K I McKenzie

Registered Office:

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

Registered Number:

07105213 (England and Wales)

Senior Statutory Auditor:

Andrew Brookes FCA CF

Auditors:

Hazlewoods LLP,
Registered Auditors,
Windsor House,
Bayshill Road,
Cheltenham,
Gloucestershire,
GL50 3AT

2. REPORT OF THE DIRECTORS for the year ended 31st March, 2013

Directors' Report

The Directors present their report with the financial statements of the company for the year ended 31st March, 2013

Principal Activities

Wokingham Enterprises Ltd (WEL) is a company wholly owned and set up by Wokingham Borough Council (WBC) 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 was that of property investment, however WEL sold all of its assets to Wokingham Borough Council on 27th March 2013. The assets comprised a number of retail units collectively known as Peach Place.

Directors

The Directors, who have held office during the period from 1st April, 2012 to 31st March, 2013, are as follows

Name	Date of Appointment	Date of Resignation
J R Pike	5 th January, 2011	15 th November, 2012
Ms J E McGivern	5 th January, 2011	15 th November, 2012
A Moulton	29 th April, 2010	
K I McKenzie	3 rd February, 2011	
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	5 th December, 2012
A M Ghose	3 rd February 2012	20 th June 2012

All the Directors who are eligible offer themselves for re-election at the forthcoming Annual General Meeting. Eligibility for appointment to the Board is based on relevant commercial experience.

Statement of Going Concern

The Company sold all of its assets to Wokingham Borough Council on 27th March, 2013. The Directors have continued to adopt the going concern basis in preparing the financial statements, and details of the consideration given to this decision are given in note 21 to the financial statements.

The Statement of Financial Position shows a deficit of £398,954 in 2012/13, (2011/12 £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's deficits for 2012/13 will be funded by the Council, and 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.

Material Event in 2012/13

Wokingham Enterprises Limited (WEL) sold its assets to Wokingham Borough Council (WBC) on 27th March, 2013. As a result of this sale, and the winding down of WEL trading activities the sole holding Directors are two council officers and all other Director positions have been disbanded. 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.

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.

Small Company Provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

By order of the Board:

A handwritten signature in black ink, appearing to read 'Ken McKenzie', followed by a horizontal line.

K I McKenzie – Director

Date 1st October, 2013

3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOKINGHAM ENTERPRISES LIMITED

We have audited the financial statements of Wokingham Enterprises Limited for the year ended 31 March 2013 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 2013 and of its Total Comprehensive Income 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.

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 are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to prepare the Director's Report in accordance with the small companies regime

Andrew  Brookes FCA CF (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP,
Statutory Auditor,
Windsor House,
Bayshill Road,
Cheltenham,
Gloucestershire,
GL50 3AT

Date 5 November 2013

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 2012/2013 (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

STATEMENT OF COMPREHENSIVE INCOME – by function of expenses for the year ended 31st March 2013

	Notes	31st March 2012 £	31 st March 2013 £
Revenue		653,038	627,577
Gains on Investment Property at Fair Value through Profit and Loss	9	164,193	130,810
Other Expenses	6	(222,882)	(168,614)
Profit from Operations		594,349	589,773
Finance Costs	7	(423,770)	(412,029)
Profit before Income Taxes from Discontinued Operations		170,579	177,744
Taxation	8	(1,500)	1,501
(Loss) / Profit for the Year		169,079	179,245
Total Comprehensive Income for the Year		169,079	179,245
Attributable to Parent Undertaking		169,079	179,245
Total Comprehensive Income for the year		169,079	179,245

The accounting policies on pages 7–10 and the notes on pages 15-23 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION as at 31st March 2013

	Notes	31 st March, 2012 £	31 st March, 2013 £
Assets:			
Non-Current Assets			
Investment Property	9	9,020,000	0
		9,020,000	0
Current Assets			
Trade and Other Receivables	10	90,765	22,896
Cash and Cash Equivalents	11	141,397	383,028
		232,162	405,923
TOTAL ASSETS		9,252,162	405,923
Current Liabilities			
Financial Liabilities – Short Term Borrowing	12	(245,610)	(193,069)
Trade and Other Payables	13	(479,002)	(611,808)
		(724,612)	(804,877)
Net Current Liabilities		(492,450)	(398,954)
Non-Current Liabilities			
Financial Liabilities - Borrowing	12	(9,105,749)	0
		(9,105,749)	0
TOTAL LIABILITIES		(9,830,361)	(804,877)
Net Liabilities		(578,199)	(398,954)
Equity:			
Reserves	16	(581,199)	(401,954)
Share Capital	14	3,000	3,000
Total Equity		(578,199)	(398,954)

The financial statements were approved by the Board of Directors on 19th September, 2013 and signed on its behalf by

Approved on behalf of the board



K I McKenzie – Director

Date 1st October, 2013

The accounting policies on pages 7–10 and the notes on pages 15-23 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2013

	Retained Earnings £	Share Capital £	Total £
Balance as 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)
Comprehensive Income Profit	48,435	0	48,435
Other Comprehensive Income	130,810	0	130,810
Balance at 31st March, 2013	(401,954)	3,000	(398,954)

The accounting policies on pages 7–10 and the notes on pages 15-23 are an integral part of these financial statements

STATEMENT OF CASH FLOWS for the year ended 31st March, 2013

	Notes	31 st March, 2012 £	31 st March, 2013 £
Cash Flows from Operations			
Profit / (Loss) before Tax		170,579	177,744
Finance Costs		414,770	412,029
Change in Trade and Other Receivables	10	(51,393)	67,869
Change in Trade and Other Payables	13	(83,610)	132,806
Change in Fair Value	9	(164,193)	(130,810)
Cash Generated from Operations		(286,153)	668,639
Interest Paid		(414,770)	(412,029)
Income Tax Paid		(1,500)	1,502
Net Cash Flows from Operating Activities		(130,117)	249,111
Cash Flows from Investing Activities			
Sale of Investment Property		0	9,405,000
Purchase of Investment Properties	9	(136,628)	(254,190)
Net Cash Flows from Investing Activities		(136,628)	9,150,810
Cash Flows from Financing Activities			
Proceeds from Borrowing	12	196,698	246,710
Repayment of Borrowings	12	(245,610)	(9,405,000)
Net Cash Flows from Financing Activities		(48,912)	(9,158,290)
Net Increase / (Decrease) in Cash and Cash Equivalents		(315,657)	241,631
Cash and Cash Equivalents at Beginning of Year		457,054	141,397
Cash and Cash Equivalents at End of Year	11	141,397	383,028

The accounting policies on pages 7–10 and the notes on pages 15-23 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, 2013 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 2013, WEL had a balance of Trade and other receivables of £22,896. Following the sale of the Investment Properties to WBC, the provision for bad debts has been reduced to zero.	Some of the debt was paid in April 2013. Recovering payment for the remaining amounts outstanding became the responsibility of WBC from 28 th March, 2013.

NOTE 4 MATERIAL ITEMS OF INCOME AND EXPENSE

Material Items of Income and Expense during 2012/2013 which related to WEL's Non-Current Assets included the following:

- Purchase of a flat in Market Place, Wokingham for £254,190
- Sale of all Investment Properties to Wokingham Borough Council for £9,405,000

- Repayment of £9,405,000 of total loans of £9,598,000 from the Council, leaving a balance owing of £193,069 at 31st March, 2013

NOTE 5 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 1st October, 2013 by K I McKenzie – Director on behalf of the Board of Directors. Once authorised for issue the statements cannot be amended

NOTE 6 OTHER EXPENSES

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

	Period Ended	
	31st March, 2012	31st March, 2013
	£	£
Premises Costs	70,253	33,349
Transport Costs	461	2,069
Supplies and Services	147,140	125,696
Auditors' Remuneration – audit services	5,028	7,500
	222,882	168,614

NOTE 7 FINANCE COSTS

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

	Period Ended	
	31st March, 2012	31st March, 2013
	£	£
Interest Payable on Loans	(423,480)	(411,722)
Interest and Similar Charges Payable	(290)	(307)
Total	(423,770)	(412,029)

NOTE 8 CORPORATION TAX

	2012	2013
	£	£
Current Tax on Profits for the Year	1,500	0
Adjustment in Respect of Prior Years	0	(1,277)
Total Current Tax	1,500	(1,277)

As a result of the utilisation of taxable losses brought forward from the previous period against the current year property trade profits of £46,934, the company is not expected to incur a corporation tax liability on its results for the year ended 31st March, 2013

Factors affecting the tax charge for the year

	2012 £	2013 £
Profit before Taxation	<u>170,579</u>	<u>177,744</u>
Profit before Taxation multiplied by small profit rate of Corporation Tax in the UK of 20%	34,116	35,549
Effects of		
Income not Subject to Tax	(32,839)	(26,162)
Expenses not Deductible for Tax Purposes	223	0
Utilisation of Previously Unrecognised Tax Losses	0	(9,387)
Adjustment in Respect of Prior Years		(1,277)
	<u>1,500</u>	<u>(1,277)</u>

NOTE 9 INVESTMENT PROPERTY

WEL's assets were sold for £9,405,000 to the Council (WBC) on 27th March, 2013. The assets comprised 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 were held as an investment and were 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 had been assumed that upon lease renewal or re-letting, current estimated rental values (ERV) will be achieved. No allowance was made for rental growth above ERV.

There were 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 had no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The Company's property assets were valued prior to their sale by A Spicer MRICS and were sold to Wokingham Borough Council on 27th March, 2013.

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

	31st March, 2012	31st March, 2013
	£	£
Balance at the Start of the Year	8,719,179	9,020,000
Additions		
• Purchases	136,628	254,190
• Construction	0	
• Subsequent Expenditure	0	
Disposals	0	(9,405,000)
Net Gains / (Losses) from Fair Value Adjustments	164,193	130,810
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	9,020,000	0

NOTE 10 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, 2012	31st March, 2013
	£	£
Trade Receivables	25,700	19,069
Less Provision for Impairment of Receivables	(7,180)	0
Net Trade Debtors	18,520	19,069
Owed by WBC	70,350	186
Other Debtors	0	1,277
Prepayments	1,895	2,364
Total	90,765	22,896

Following an assessment of outstanding trade receivables at the year end, no £0 (2012 £7,180) bad and doubtful debt provision was made. This was on the basis that as the properties were sold to Wokingham Borough Council on 27th March, 2013, outstanding debt transferred to the Council for recovery. 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, 2012	31st March, 2013
	£	£
Less than One Month	7,010	0
More than One Month	170	0
	7,180	0

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

NOTE 11 CASH AND CASH EQUIVALENTS

The following elements comprise Cash and Cash Equivalents

	31st March, 2012	31st March, 2013
	£	£
Cash at Bank and In Hand	141,397	383,028
Total Cash and Cash Equivalents	141,397	383,028

The effective interest rate on short-term deposits was 0.9% (2012 0.9%) i.e. 0.4% above base rate

Wokingham Enterprise Ltd held deposit monies on behalf of tenants upon commencement of their lease agreements. The deposits were transferred to Wokingham Borough Council on 27th March, 2013 on completion of the sale. The balance of deposits held as at 31st March, 2013 was nil (2012 - £26,983)

NOTE 12 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 was 40 years and the final repayment was due on 24th June, 2050. A principal repayment of £241,771 to 27th March, 2013 fell due in 2012-13.

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 was 40 years and the final repayment was due on 27th November, 2051. The first principal repayment of £1,135 to 27th March, 2013 fell due in 2012-13.

On 13th March, 2013, WBC advanced a third loan to WEL of £246,710 for the purchase of the leasehold of another property within Peach Place. The loan term was 40 years and the final repayment is due on 12th March, 2053. No principal was due to be repaid in 2012-13.

Following the sale of the collective properties known as Peach Place to Wokingham Borough Council on 27th March, 2013 the full principal became due to WBC. The agreed purchase price of £9,405,000 was therefore applied to the outstanding loans as at 27th March, 2013 which at that point totalled £9,598,069. An amount of £193,069 is due for repayment in less than one year.

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

	31st March, 2012	31st March, 2013
	£	£
Due in less than 1 year	245,610	193,069
Total Short Term Borrowing	245,610	193,069
Due in 1-2 years	251,451	0
Due in 3-5 years	743,825	0
Due in over 5 years	8,110,473	0
Total Long Term Borrowing	9,105,749	0
Total Borrowing	9,351,359	193,069

NOTE 13 TRADE AND OTHER PAYABLES

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

	31st March, 2012	31st March, 2013
	£	£
Trade Payables	142	19,338
Amounts Owed to WBC	194,713	436,525
VAT Payable	29,549	21,554
Other Tax Payable	1,500	0
Other Creditors	7,684	1,000
Accruals	75,630	9,155
Deferred Income	169,784	124,236
Total	479,002	611,808

NOTE 14 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, 2012	31st March, 2013
	£	£
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 15 FINANCIAL INSTRUMENTS

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

	31st March, 2012	31st March, 2013
	£	£
Financial Liabilities – Long Term Borrowings	(9,105,749)	0
Trade and Other Payables	(554,828)	(680,640)
Trade and Other Receivables	88,870	19,255
Cash at Bank and in Hand	141,393	383,028

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

The Company's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Company
- liquidity risk – the possibility that the Company might not have funds available to meet its commitments to make payments

- re-financing risk – the possibility that the Company might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Company's customers

The Company does not generally allow credit for its customers, but £7k of it's £19k (2012 £20k of £93k) trade debtors balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows

	31 st March, 2012	31 st March, 2013
	£'000	£'000
Less than One Month	73	12
Between One and Two Months	19	2
Between Two and Three Months	0	2
More than Three Months	1	3
	93	19

Liquidity Risk

Wokingham Borough Council acts as guarantor to WEL and has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, WBC has ready access to borrowings from the Money Markets and the Public Works Loans Board. There is therefore no significant risk that WEL will be unable to raise finance to meet its commitments under financial instruments.

NOTE 16 RETAINED EARNINGS

	31 st March, 2012	31 st March 2013
	£	£
At 1 st April	(750,278)	(581,199)
Profit / (Loss) for the Year	169,079	179,245
At 31st March	(581,199)	(401,954)

NOTE 17 DIRECTORS' FEES

WEL paid the following amounts to Directors of the Company during the year

	2011/12	2012/13
	£	£
Ms J E McGivern	28,000	24,500
Mr J R Pike	15,461	12,500
	43,461	37,000

NOTE 18 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

	2011/12 £	2012/13 £
Expenditure with Wokingham Borough Council		
Support Services	113,049	45,958
Repayment of Principal on Loan	183,913	9,405,000
Interest on Loan	414,480	0
Repayment of Short Term Loan	0	10,000
	711,442	9,460,958
Income from Wokingham Borough Council		
Sale of Investment Properties	0	9,405,000
Short Term Loan	0	10,000
Long Term Loan	0	246,710
Sale of Shares	0	3,000
Rental Income	0	230
	0	9,664,940
Amounts Owed to Wokingham Borough Council		
Capital	9,351,359	193,069
Support Services	0	16,048
Income due 28-31/3/13	0	6,024
Repayment of Interest on Loan	9,000	411,722
	9,360,359	626,863
Amounts Owed by Wokingham Borough Council		
Insurance Income due 28-31/3/13	0	186
Reimbursement of Professional Fees	56,125	0
	56,125	186

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 19 ULTIMATE PARENT

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

NOTE 20 OPERATING LEASES

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

- for economic development
- for the provision of residential accommodation

These leases were transferred to Wokingham Borough Council following the sale of the Investment Properties on 27th March, 2013

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

	31st March, 2012 £,000	31st March, 2013 £,000
Not Later than One Year:		
Shops	582	0
Other	5	0
Later than One Year and not Later than Five Years:		
Shops	1,510	0
Other	0	0
Later than Five Years:		
Shops	1,227	0
Other	10	0
	3,334	0

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 2012/13 no contingent rents were receivable by the Company (nil in 2011/12 £0)

NOTE 21 GOING CONCERN

The Company has a Statement of Financial Position deficit of £398,954 at 31st March, 2013. The Company is wholly reliant on support from its sole shareholder, Wokingham Borough Council, in the form of loan balances totalling £629,594. The shareholder has indicated its intention to reimburse the remaining acquisition costs associated with Peach Place, following the settlement of other outstanding assets and liabilities owed to and by the company from third parties.

On the basis of the Council's 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.