

Addendum

Partner, Shareholder and Trustee Executive Sub-Committee

Dear Councillor,

Partner, Shareholder and Trustee Executive Sub-Committee - Thursday, 14 December 2023, 6.30 pm

I enclose, for consideration at the meeting of the Partner, Shareholder and Trustee Executive Sub-Committee to be held on Thursday, 14 December 2023 at 6.30 pm, the following Annex 1 which was unavailable when the agenda was published.

Mari Roberts-Wood
Managing Director

5. Companies Performance Update - Winter 2023(Pages 3 - 22) Annex 1

To receive Annex 1 to the report Companies Performance Update – Winter 2023 – 31 Dec 2022 Greensand Accounts and to note observations from the Overview and Scrutiny Committee.

For enquiries regarding this addendum;

Contact: 01737 276182

Email: democratic@reigate-banstead.gov.uk

Published 11 December 2023



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Agenda Item 5

Registered number
10508302

GREENSAND HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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GREENSAND HOLDINGS LIMITED

COMPANY INFORMATION

Directors

D Beck
R S Michalowski

Independent auditor

Kreston Reeves LLP
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Registered office

Town Hall
Castlefield Road
Reigate
Surrey
RH2 0SH

Registered number

10508302

GREENSAND HOLDINGS LIMITED

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GREENSAND HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and audited financial statements for the year ended 31 December 2022.

Principal activities

The company's principal activity during the year was that of commercial property investment and development.

Directors

The directors who served during the year were as follows:

D Beck

R S Michalowski

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £849,975 (2021: loss of £79,214). No dividends were paid in the year (2021: £nil).

Disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Small company special provisions

The report of the directors has been prepared taking advantage of the small companies exemption in Part 15 of the Companies Act 2006.

This report was approved by the board on

and signed on behalf of the board by

D Beck
Director

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GREENSAND HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue		167,566	172,358
Administrative expenses		(61,748)	(71,740)
Fair value movement on investment property		(51,700)	10,800
Impairment to inventories	5	(813,147)	(101,348)
Operating (loss)/profit	6	(759,029)	10,070
Other operating income		11,212	9,105
Finance income		203	4
Finance costs	7	(102,361)	(102,361)
Loss before taxation		(849,975)	(83,182)
Tax expense	8	-	3,968
Loss for the year		(849,975)	(79,214)
Total comprehensive income for the year attributable to shareholders		(849,975)	(79,214)

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above financial year.

The above results were derived from continuing operations.

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GREENSAND HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

COMPANY REGISTRATION NUMBER: 10508302

	Notes	2022	2021
		£	£
ASSETS			
Non-current assets			
Investment property	9	1,819,200	1,870,900
Current assets			
Inventories	10	10,879,800	10,879,800
Trade and other receivables	11	285,671	95,668
Cash and cash equivalents	12	5,211	40,813
TOTAL ASSETS		12,989,882	12,887,181
LIABILITIES			
Current liabilities			
Trade and other payables	13	197,319	57,790
Current tax liabilities	13	-	-
		197,319	57,790
Non-current liabilities			
Borrowings	14	15,835,675	15,022,528
TOTAL LIABILITIES		16,032,994	15,080,318
SHAREHOLDERS' EQUITY			
Share capital	16	100	100
Revaluation reserve	17	(480,615)	(428,915)
Retained earnings	17	(2,562,597)	(1,764,322)
TOTAL EQUITY AND LIABILITIES		12,989,882	12,887,181

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board and authorised for issue on

and signed on behalf of the board by

R S Michalowski
Director

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GREENSAND HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Equity attributable to equity holders of the company			
	Issued share capital £	Revaluation reserve* £	Retained earnings £	Total equity £
At 1 January 2022	100	(428,915)	(1,764,322)	(2,193,137)
Loss for the year	-	-	(849,975)	(849,975)
Transfer to revaluation reserve	-	(51,700)	51,700	-
Total comprehensive income for the year	-	(51,700)	(798,275)	(849,975)
At 31 December 2022	100	(480,615)	(2,562,597)	(3,043,112)

	Equity attributable to equity holders of the company			
	Issued share capital £	Revaluation reserve* £	Retained earnings £	Total equity £
At 1 January 2021	100	(439,715)	(1,674,308)	(2,113,923)
Loss for the year	-	-	(79,214)	(79,214)
Transfer to revaluation reserve	-	10,800	(10,800)	-
Total comprehensive income for the year	-	10,800	(90,014)	(79,214)
At 31 December 2021	100	(428,915)	(1,764,322)	(2,193,137)

* The revaluation reserve is non-distributable.

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Cash flows from operating activities		
Loss for the year	(849,975)	(79,214)
Adjustments to cash flows from non-cash items:		
Finance income	(203)	(4)
Finance costs	102,361	102,361
Revaluation	51,700	(10,800)
Corporation tax	-	(3,968)
Operating cash flows before movements in working capital	(696,117)	8,375
Working capital adjustments:		
(Increase)/decrease in inventories	-	(711,800)
Increase/(decrease) in payables	139,529	12,046
(Increase)/decrease in receivables	(190,003)	(91,834)
	(50,474)	(791,588)
Cash used in operations	(746,591)	(783,213)
Income tax received	-	8
Net cash used in operating activities	(746,591)	(783,205)
Investing activities		
Interest received	203	4
Net cash generated by investing activities	203	4
Financing activities		
Loan from shareholder	813,147	813,147
Interest paid	(102,361)	(102,361)
Net cash generated by financing activities	710,786	710,786
Net decrease in cash and cash equivalents	(35,602)	(72,415)
Cash and cash equivalents at beginning of year	40,813	113,228
Cash and cash equivalents at end of year	5,211	40,813

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

Greensand Holdings Limited is a private company limited by share capital and incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' Report.

The address of its registered office and principal place of business is:

Town Hall
Castlefield Road
Reigate
Surrey
RH2 0SH

2 Adoption of new and revised standards

During the financial year, there were no new IFRSs or IFRIC interpretations that were effective for the first time that would be expected to have a material impact on the company.

The following pronouncements have been adopted in the year and either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- References to the Conceptual Framework (Amendments to IFRS 3); effective 1 January 2022
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); effective 1 January 2022
- Annual improvements to the IFRS 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16); effective 1 January 2022
- Property, Plant and Equipment (Amendments to IAS16); effective 1 January 2022

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the company, which have not been applied in these financial statements, were in issue but not yet effective:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); effective 1 January 2023
- IFRS 17 Insurance contracts; effective 1 January 2023
- IAS 8 Accounting policies, changes in accounting estimates and errors; effective 1 January 2023
- IAS 12 Income taxes; effective 1 January 2023
- IFRS 16 Leases (Amendment - Liability in a Sales and Leaseback); effective 1 January 2024
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); effective 1 January 2024
- IAS 1 Presentation of Financial Statements (Amendment - Non-current liabilities with Covenants); effective 1 January 2024

The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the company.

3 Significant accounting policies

Statement of compliance and basis of accounting

The financial statements have been prepared in accordance with UK Adopted International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies - continued

Basis of accounting

These financial statements have been prepared on the historical cost basis as modified by the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates and rounded to the nearest £.

The following principal accounting policies have been applied:

Presentation of financial statements in accordance with IAS 1

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements.

Revenue

Revenue is measured at the fair value of the consideration recoverable, net of VAT. The company's policy for the recognition of revenue from operating leases is described in the leasing policy below.

Leasing

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant leases.

Investment properties

Investment property, which is property held to earn rentals and/or capital appreciation, is initially recognised at cost, including associated transaction costs, and subsequently at fair value at the balance sheet date. The fair value is based on market values as determined by professionally qualified external valuers. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss for the period in which they arise. The acquisition of investment properties is recognised in the financial statements from the date of completion.

Inventories

Inventories comprise land and property held for development and resale, and are stated at the lower of cost and net realisable value. Cost includes all directly attributable expenditure necessary to bring the inventories to their existing condition and location. Costs are assigned by specific identification and include the cost of acquisition, subsequent development costs and borrowing costs during development. Net realisable value is determined by the directors.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period comprise cash at bank and in hand.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies - continued

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the periods of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they relate to a qualifying asset in which case they are capitalised and included as part of the cost of the qualifying asset at the year end.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's corporation tax liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that such taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Accounting for financial assets and liabilities

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk. The directors consider that the company does not have material exposures in any of these areas and consequently does not use derivative financial instruments to manage these exposures.

The company's financial assets consist of trade and other receivables, and are summarised in note 4. Trade and other receivables are financial assets with fixed or determinable payments, none of which are quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment.

Receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default.

The company's financial liabilities include borrowings, trade and other payables which are measured at amortised cost using the effective interest rate method. A summary of the company's financial liabilities is given in note 4.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies - continued

Going concern

At the balance sheet date, the company has net liabilities of £3,043,112 and owes £15,835,675 to its shareholder. The directors have obtained written confirmation that the shareholder will continue to support the company for a period of at least 12 months from the date of approval of the financial statements. The directors, therefore, consider it reasonable for the financial statements to be prepared on a going concern basis.

4 Financial risk management

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the Board of Directors.

Market risk

The company is exposed to market risk, primarily related to interest rates and the market value of the investment property and the net realisable value of inventories.

Interest rate risk

The company monitors interest rate cash flow exposures on its long term borrowing. The company does not use derivative financial instruments to mitigate these risks.

Credit risk

The company's exposure to credit risk is limited to the carrying value of financial assets recognised at the balance sheet date, as summarised below:

	2022	2021
	£	£
Classes of financial assets - carrying amounts		
Cash and cash equivalents	5,211	40,813
Trade and other receivables	<u>285,671</u>	<u>95,668</u>
	<u>290,882</u>	<u>136,481</u>

The maximum exposure to credit risk in relation to trade and other receivables is equivalent to the year end balance.

The company continuously monitors the creditworthiness of tenants and other counterparties. The company's policy is only to deal with creditworthy counterparties.

The directors consider that all the above financial assets are not impaired at the reporting date under review and are of good quality credit, based on all available financial information.

The company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics other than those debtors which are disclosed in note 11. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Financial risk management - continued

Liquidity risk

Liquidity needs are monitored carefully on a day-to-day basis. Longer term liquidity needs are assessed through monthly, quarterly, and annual cash flow forecasts.

As of 31 December 2022, the company's liabilities have maturities which are summarised below:

	Within 6 months	6 to 12 months	2 to 5 years	Later than 5 years
	£	£	£	£
Trade and other payables	179,887	-	-	-
Borrowings	-	-	-	15,835,675
	179,887	-	-	15,835,675

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	<i>Within 6 months</i>	<i>6 to 12 months</i>	<i>2 to 5 years</i>	<i>Later than 5 years</i>
	£	£	£	£
Trade and other payables	<i>50,844</i>	-	-	-
Borrowings	-	-	-	<i>15,022,528</i>
	<i>50,844</i>	-	-	<i>15,022,528</i>

Capital management policies

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

Capital for the reporting period under review is summarised as follows:

	2022	2021
	£	£
Share capital	100	100
Revaluation reserve	(480,615)	(428,915)
Retained earnings	(2,562,597)	(1,764,312)
Borrowings	15,835,675	15,022,528
	12,792,563	12,829,401

The company has no covenant obligations with respect to capital ratios.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Critical accounting judgements

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, the following judgements have had the most significant effect on the amounts recognised in the financial statements:

Investment properties

The company holds investment property with fair value of £1,819,200 at the year end (see note 9). In order to determine the fair value of investment property the company has engaged independent valuation specialists with experience in the location and nature of the property being valued. They have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Recoverability of inventories

Inventories of £10,879,800 (note 10) are stated at the lower of cost and net realisable value after taking into account all available information at the reporting date. The intention is to hold the inventories for development and at the balance sheet date they are not forecast to be realised in the short to medium term. The development project is still in its early stages, and this increases the estimation uncertainty as the total forecast development costs and ultimate net realisable value are subject to a number of uncertain future events including, but not limited to, the receipt of planning permission, the total build cost and fluctuations in the property market. The directors have obtained an independent, professional valuation of the development land at the balance sheet date to assist them in determining its net realisable value. Based on the stage of completion of the development, the directors are of the opinion that the current net realisable value of inventories is unlikely to be materially different from the independent valuation. There has been no change in the value of the property as concluded by the independent valuation, however impairment of inventories of £813,147 has been recognised in the Statement of Comprehensive Income during the year. The commercial viability of the development is kept under regular review by the directors to ensure that, so far as reasonably possible, inventories continue to be stated at the lower of cost and net realisable value.

6 Operating (loss)/profit

	2022	2021
	£	£
This is stated after charging:		
Auditor's remuneration - audit work	5,600	4,000
Auditor's remuneration - other services	19,311	8,424
	<u>24,911</u>	<u>12,424</u>

7 Finance costs

	2022	2021
	£	£
Loan interest	<u>102,361</u>	<u>102,361</u>

In addition to loan interest included as a finance cost, during the year the company capitalised loan interest of £813,147 (2021: £813,147).

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

	2022	2021
	£	£
Analysis of tax charge/(credit) in year		
Total current tax (see below)	-	3,968
Deferred tax (see below)	-	-
	-	3,968

Factors affecting tax charge/(credit) for year

The charge/(credit) for the year can be reconciled to the loss in the statement of comprehensive income as follows:

	2022	2021
	£	£
Loss before tax on continuing operations	(849,975)	(83,182)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(161,495)	(15,805)
Effects of:		
Fair value movement not taxable	9,823	(2,052)
Expenses not deductible for tax purposes	32,728	-
Over provision in prior year	-	3,968
Deferred tax asset movement not recognised	118,944	17,857
Total current tax (see above)	-	3,968
Total deferred tax (see above)	-	-
Total tax charge/(credit) for the year	-	3,968

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Investment property

	Freehold property £
Fair value	
At 1 January 2022	1,870,900
Revaluation	(51,700)
At 31 December 2022	<u>1,819,200</u>
Fair value	
At 31 December 2022	<u>1,819,200</u>
At 31 December 2021	<u>1,870,900</u>

Investment property with a fair value of £1,819,200 was held as security against borrowings.

The company's investment property is classed as level 2, as defined by IFRS 13 Fair Value Measurement, in the fair value hierarchy as at 31 December 2022. Level 2 inputs are observable and comprise an assessment of current market conditions, recent sales prices and other relevant information for similar assets in the locality.

The fair value of the company's investment property as at 31 December 2022 was determined by the directors, with the assistance of an independent external valuer at that date. Fair values of investment properties are calculated using an income approach and the main assumptions supporting the valuation are in respect of rents due, extant leases and yields.

The property income earned by the company from its investment property, which is leased to tenants under non-cancellable operating leases, amounted to £167,566 for the year.

The historical cost of the investment property is £2,299,815.

10 Inventories

	2022 £	2021 £
Inventories	<u>10,879,800</u>	<u>10,879,800</u>

The cost of inventories recognised as an expense in the year amounted to £813,147 (2021: £101,348). This includes an amount of £813,147 (2021: £101,348) resulting from impairment of inventories.

11 Trade and other receivables

	2022 £	2021 £
Trade receivables	204,903	1,000
Prepayments and accrued income	50,768	64,668
Other receivables	30,000	30,000
	<u>285,671</u>	<u>95,668</u>

All amounts are due within one year. The carrying value of receivables is considered a reasonable approximation of fair value.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>5,211</u>	<u>40,813</u>

13 Current liabilities

	2022 £	2021 £
Trade payables	<u>100,065</u>	<u>19,435</u>
Other payables	95	95
Accruals and deferred income	<u>79,727</u>	<u>31,314</u>
Trade and other payables	<u>179,887</u>	<u>50,844</u>
Other taxes and social security costs	<u>17,432</u>	<u>6,946</u>
	<u><u>197,319</u></u>	<u><u>57,790</u></u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The company's exposure to market and liquidity risks, including maturity analysis relating to trade and other payables, is disclosed in the financial risk management note.

14 Non-current liabilities

	2022 £	2021 £
Borrowings	<u>15,835,675</u>	<u>15,022,528</u>

15 Borrowings

	2022 £	2021 £
Secured borrowings		
Loans and accrued interest due to shareholder	<u>15,835,675</u>	<u>15,022,528</u>
Amount due for settlement within 12 months	<u>-</u>	<u>-</u>
Amount due for settlement after 12 months	<u>15,835,675</u>	<u>15,022,528</u>

The loans from Reigate and Banstead Borough Council are denominated in sterling. The first loan carries an interest rate equivalent to the rate charged by the Public Works Loan Board plus 2% with the final repayment due on 19 February 2032. The second loan carried an interest rate of 7.4% with the final repayment due on 25 October 2034. The loans and accrued interest are secured on the freehold investment property and inventories.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Share capital

	2022 Number	2022 £	2021 Number	2021 £
Allotted and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17 Reserves

Revaluation reserve

Represents accumulated unrealised revaluation gains/(losses) of the investment property to its fair value.

Retained earnings

Represents accumulated realised profits less accumulated realised losses.

18 Operating lease arrangements

Property rental income earned during the year was £167,566 (2021: £172,358). The lessees do not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date the company had contracted with tenants for the following total future minimum lease receipts:

	2022 £	2021 £
Within one year	176,790	176,790
One to two years	110,057	176,790
Two to three years	76,690	110,057
Three to four years	25,563	76,690
Four to five years	-	25,563
	<u>389,100</u>	<u>565,890</u>

19 Related party transactions

Reigate and Banstead Borough Council ("RBBC") (Shareholder)

During the year RBBC continued to provide loans to the company of £13,258,110 (2021: £13,258,110). Interest charged on the loans in the year amounted to £915,508 (2021: £915,509). At the year end £25,590 (2021: £25,590) of unpaid interest is included in accruals and £2,577,564 (2021: £1,764,417) of unpaid interest has been added to the loan and included as part of the amount due to RBBC at the year end of £15,835,675 (2021: £15,022,528) (note 14). RBBC recharged its officer time spent dealing with company management and administration and this amounted to net fees of £13,409 (2021: £27,600). The balance outstanding at the year end is £67,271 (2021: £nil).

W Pallett (Director)

During the prior year the company was charged £764 for management services by Mr W Pallett. Mr W Pallett resigned as director during 2021 and therefore is not considered a related party this current financial year.

D Beck (Director)

During the year the company incurred net fees of £15,960 (2021: £1,320) for management services by a company owned by D Beck. Of this, £3,600 is included within accruals at the year end (2021: £nil). At the year end a total amount of £12,816 was owed by Greensand Holdings Limited (2021: £1,320) to D Beck.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Financial instruments

Categories of financial instruments

The company held the following financial assets:

	2022 £	2021 £
Trade and other receivables	234,903	31,000
Cash and cash equivalents	5,211	40,813
	240,114	71,813

The company held the following financial liabilities:

	2022 £	2021 £
Trade and other payables	179,887	50,844
Borrowings	15,835,675	15,022,528
	16,015,562	15,073,372

21 Post balance sheet events

In June 2023 it was agreed that an additional 652,000 ordinary shares be allotted and issued at par value of £1 per share to the current shareholder. As part of this agreement, on or prior to 31 July 2023, an additional 648,000 ordinary shares may also be subscribed at par value of £1 per share to the current shareholder ("second tranche"). If the second tranche are not subscribed to in full by 31 July 2023, the shareholder has the option to subscribe for these shares on or before 30 September 2023.

22 Ultimate controlling party

The company is controlled by Reigate and Banstead Borough Council which owns 100% of the company's share capital.

23 Reconciliation of net cash flow to movement in net debt

	2022 £
Net debt as at 1 January 2022	15,022,528
Non cash movements:	
Accrued interest	813,147
Net debt as at 31 December 2022	15,835,675

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