



Agenda

Commercial Ventures Executive Sub- Committee

Thursday, 5 November 2020 at 6.30 pm

Remote meeting via video link



This meeting will be held **remotely**. Committee Members will be provided with the details of how to connect to the meeting one day before the meeting.



Members of the public may observe the proceedings live on the Council's website.

Members:

T. Archer

M. Brunt

T. Schofield

V. H. Lewanski

Mari Roberts-Wood
Interim Head of Paid Service

For enquiries regarding this agenda;

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Published 05 November 2020

Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

1. Minutes of the previous meeting (Pages 5 - 8)

To approve the minutes of the meeting held on 15 October 2020 as a correct record.

2. Apologies for absence

To receive any apologies for absence.

3. Declarations of interest

To receive any declarations of interest.

4. Companies Performance Update - Autumn 2020 (Pages 9 - 68)

To consider an update on the performance of Council companies and note the Overview and Scrutiny Committee observations discussed at the meeting on 22 October 2020.

5. Exempt Business

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6. Companies Performance Update - Autumn 2020 - EXEMPT (Pages 69 - 72)

To consider an update on the performance of Council companies and note the Overview and Scrutiny Committee observations discussed at the meeting on 22 October 2020.

7. Any other business

To consider any other urgent business.



Our meetings

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



Streaming of meetings

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Notice is given of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

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BOROUGH OF REIGATE AND BANSTEAD

COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE

Minutes of a meeting of the Commercial Ventures Executive Sub-Committee held at the Remote - Virtual Meeting on 15 October 2020 at 6.30 pm.

Present: Councillors T. Archer (Chairman), T. Schofield, M. A. Brunt (Leader) and V. H. Lewanski (Vice-Chair).

Also present: Councillors N. D. Harrison, J. P. King, S. Sinden and S. T. Walsh.

22. MINUTES OF THE PREVIOUS MEETING

RESOLVED to approve the minutes of the meeting held on 17 September 2020 as a correct record and the minutes would be signed as soon as reasonably practical.

23. APOLOGIES FOR ABSENCE

There were no apologies for absence.

24. DECLARATIONS OF INTEREST

There were no declarations of interest.

25. PROJECT BASEBALL - 15 OCTOBER 2020

Councillor T Archer, Executive Member for Investment and Companies, introduced the Project Baseball – 15 October 2020 report seeking authority to proceed with the next planned activities associated with Project Baseball. It was considered that Project Baseball would support the delivery of the Council's Corporate Plan objectives through its future prospective use and offers the potential to generate income for the Council.

The Commercial Ventures Executive Sub-Committee were reminded to be mindful that the opportunity was not without risk and note that all the potential benefits may not have been identified.

It was noted that full details of the opportunity, the financial and risk implications, and the Council's proposed approach were set out in the exempt Part 2 report.

Clerk's Note: *At this point in the meeting, agenda item 4 (Project Baseball – 15 October 2020) was adjourned so that the exempt information, agenda item 6 (Exempt Business) and 7 (Project Baseball – 15 October 2020 – Exempt), could be considered ahead of making a decision.*

The minutes of the meeting reflect the order of business listed on the published agenda, not the order taken during the meeting.

On conclusion of agenda items 6 and 7, the Commercial Ventures Executive Sub-Committee returned to agenda item 4 and:

Agenda Item 1

Commercial Ventures Executive Sub-Committee
15 October 2020

Minutes

RESOLVED that the Director of Commercial & Investment, in consultation with the Head of Legal and Governance, the Head of Finance, the Chair of the Commercial Ventures Executive Sub-Committee and the Head of Place Delivery, be authorised to:

- a) proceed with the next planned activities associated with the identified opportunity, as set out in the Project Baseball – 15 October 2020 – Exempt part 2 report, as a continuation of the project to support the delivery of the Council’s Corporate Plan objectives; and
- b) revise the allocation of funding from the Feasibility Studies (Commercial Ventures) Reserve to support the pursuance and effective administration of the identified opportunity, as set out in the Project Baseball – 15 October 2020 – Exempt, part 2 report.

Reason for decisions:

Obtaining authority to proceed with the next proposed activities and the revision of the associated budget to support the identified project would support the Council’s Corporate Plan objectives as set out in the Project Baseball – 15 October 2020 - Exempt report.

Alternative Options:

Option 2: Do nothing. This is not the recommended option as it would not support the Corporate Plan objectives.

26. REDHILL, LEASE ARRANGEMENTS - AUTUMN 2020

Councillor T Archer, Executive Member for Investment and Companies, introduced the Redhill, Lease Arrangements – Autumn 2020 report seeking authority to transfer the lease of a hotel in London Road, Redhill, from its existing operator to a new operator. Explaining the hotel formed part of Warwick Quadrant and was owned by the Council and leased to Aviva and subsequently leased-back to the Council in 2015 to allow partial redevelopment of the site.

The hotel was leased from the Council in 2017 for 25 years. Following the closure of the hotel during the Covid-19 crisis, the operator entered into a Company Voluntary Arrangement and the Council had received a proposal to transfer the lease to another branded operator and this was considered to represent a better potential to ensure the hotel’s ongoing viability and to retain its contribution to the wellbeing and economic prosperity of Redhill, as well as preserving and improving an income stream that made a significant contribution to the Council’s objective to be financially self-sustaining.

Clerk’s Note: *At this point in the meeting, agenda item 5 (Redhill, Lease Arrangement – Autumn 2020) was adjourned so that the exempt information, agenda item 8 (Redhill, Lease Arrangement – Autumn 2020 – Exempt), could be considered ahead of making a decision.*

The minutes of the meeting reflect the order of business listed on the published agenda, not the order taken during the meeting.

On conclusion of agenda item 8, the Commercial Ventures Executive Sub-Committee returned to agenda item 5 and:

RESOLVED that:

1. the Director of Commercial and Investment, in consultation with the Head of Legal and Governance, the Head of Finance, the Chair of the Commercial Ventures Executive Sub-Committee and the Portfolio Holder for Finance, be authorised to enter into all agreements necessary to transfer the lease of the hotel premises at London Road from Travelodge to a new operator and to enter into an agreement with that new operator as set out in the Part 2, Redhill, Lease Arrangements – Autumn 2020 - Exempt report; and
2. an exemption to the Council's Contract Procedure Rules for the reasons set out in the Part 2, Redhill, Lease Arrangements – Autumn 2020 - Exempt report, be authorised.

Reason for decision:

The recommendations were considered to be the best option to ensure the ongoing viability of the hotel and to retain its contribution to the wellbeing and economic prosperity of Redhill, as well as preserving and improving an income stream that makes a significant contribution to the Council's objective to be financially self-sustaining.

Alternative Options:

Option 2: To continue with the existing lease to Travelodge. This was not the recommended option as it was considered that this represented a higher risk to the viability of the hotel and therefore of the potential impacts of its closure to the economic prosperity of Redhill and to the Council's income stream.

27. EXEMPT BUSINESS

RESOLVED that members of the Press and public be excluded from the meeting for the following items of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

28. PROJECT BASEBALL - 15 OCTOBER 2020 - EXEMPT

Councillor T. Archer, Executive Member for Investment and Companies, introduced the exempt information in relation to the Project Baseball – 15 October 2020 – Exempt part 2 report. During the discussion a wide range of issues were considered, including the need to carefully consider the financial and reputational risks of the Project. The Commercial Ventures Executive

Agenda Item 1

Commercial Ventures Executive Sub-Committee
15 October 2020

Minutes

Sub-Committee considered the financial model, the impact the Project would have on the Borough and the importance of ecology.

RESOLVED that the exempt information in relation to the Project Baseball – 15 October 2020 – Exempt report be noted.

29. REDHILL, LEASE ARRANGEMENTS - AUTUMN 2020 - EXEMPT

Councillor T. Archer, Executive Member for Investment and Companies, introduced the exempt information in relation to the Redhill, Lease Arrangement – Exempt part 2 report. A wide range of issues were discussed, including the current occupancy rates at the hotel; the expected rental income stream for 2021 and consequent budget implications; and the impact of an alternative brand at the hotel.

RESOLVED that the exempt information regarding Redhill, Lease Arrangements – Autumn 2020 be noted.

30. ANY OTHER BUSINESS

None.

The Meeting closed at 7.55 pm

Agenda Item 4



| | |
|-------------------------|---|
| SIGNED OFF BY | Commercial and Investment Director |
| AUTHOR | Tom Borer, Policy Officer |
| TELEPHONE | Tel: 01737 276717 |
| EMAIL | tom.borer@reigate-banstead.gov.uk |
| TO | Commercial Ventures Executive Sub-Committee |
| DATE | Thursday, 5 November 2020 |
| EXECUTIVE MEMBER | Portfolio Holder for Investment and Companies |

| | |
|------------------------------|--------------|
| KEY DECISION REQUIRED | N |
| WARDS AFFECTED | (All Wards); |

| | |
|----------------|--|
| SUBJECT | Companies Performance Update - Autumn 2020 |
|----------------|--|

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|--|
| RECOMMENDATIONS |
| 1. To note the Autumn 2020 Companies Performance Update, as set out in the report, and any observations made by the Overview and Scrutiny Committee. |
| REASONS FOR RECOMMENDATIONS |
| To consider the performance of companies owned or part-owned by the Council, as of Autumn 2020. |
| EXECUTIVE SUMMARY |
| <p>This report provides an overview of the performance of the companies currently owned, or part-owned, by the Council.</p> <p>These companies currently consist of Greensand Holdings Limited, Horley Business Park Development LLP, Pathway for Care Limited. The Council also owned RBBC Limited until its recent closure.</p> <p>All these companies are currently considered to be performing in line with the Council's current objectives and expectations.</p> |

Agenda Item 4

Additional commercially sensitive supporting information is detailed in the exempt report set out in the Part 2 section of this agenda.

STATUTORY POWERS

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for purely commercial purposes should be done through a company structure.
2. Section 4 of the Localism Act 2011 stipulates that where in the exercise of the general power a local authority acts for a purely commercial purpose, the authority must do so through a company.
3. Companies and LLPs are governed by the Companies Act 2006; The Limited Liability Partnerships Act 2000; and The Limited Liability Partnerships Regulations 2001 (as amended principally by the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009).

BACKGROUND

4. Local Authorities face ongoing financial challenges in recent years, due to a combination of reductions in central government funding, and increasing demand on services in many areas. Whilst Reigate and Banstead Borough Council has maintained a generally strong financial position, it remains essential for the Council to generate income beyond its statutory funding, if it is to continue to deliver and maintain the high level of services it currently provides and has planned to continue to provide as part of the Corporate Plan 2020-2025.
5. Whilst the Council pursued commercial activities before 2019, there was a Commercial Governance Review in 2018. Following that review, the activities have been overseen by the Commercial Ventures Executive Sub-Committee, and integrated within the Council's wider Service and Financial Planning.
6. These activities take place within financial limits set out as part of the Council's budget and capital programme.
7. To support good governance of the Council's companies, the Overview and Scrutiny Committee and the Commercial Ventures Executive Sub-Committee receive regular updates on the performance of these companies.
8. The last full update was considered in Autumn 2019. There was due to be an update in Spring 2020, but this was postponed due to the need to respond to the Covid-19 pandemic.

KEY INFORMATION

1. As identified in the Executive Summary, the Council currently owns or part-owns three companies. These are Greensand Holdings Limited, Horley Business Park Development LLP, and Pathway for Care Limited. The Council also previously owned RBBC Limited until its recent closure.

Agenda Item 4

2. All these companies are currently considered to be performing in line with the Council's current objectives and expectations.
3. More detail of the current status and performance of the Council's interest in each company is set out below.

Greensand Holdings Limited

4. Greensand Holdings Limited is a property investment and development company, established to facilitate the Council's property investment activities. It is wholly owned by the Council. The creation of the company was authorised by the Executive on 15 September 2016.
5. The company was initially funded through a loan from the Council. It now generates an income from one of its property holdings, and provides an income to the Council through its repayments and interest on the loan.
6. The company has received £13,258,009 in loan funding from the Council, with total interest charged to 31 March 2020 of £438,859.
7. The company currently holds one active property, which provides a rental income sufficient for the company to meet its repayment and loan obligations to the Council and to generate a profit.
8. The current Directors of the company are William Pallett, Derek Beck and Councillor R. Michalowski.
9. The company, from a shareholder perspective, is currently judged to be performing well.
10. The Directors' Report and Audited Financial Statements for the year ended 31 December 2019 for Greensand Holdings Limited are provided as Annex 1 to this item.
11. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

Horley Business Park Development Limited Liability Partnership

12. Horley Business Park Development LLP is a joint venture which was set up to bring forward planning, and subsequent development, of employment land in the Horley area. The creation of the company was authorised by the Executive on 15 October 2015, and a joint venture with Millhill Properties (Horley) Limited and Berwick Hill Properties Limited was established in 2016.
13. The partnership is funded through loans from the Council and its partners. It does not currently generate a profit, but is working towards the future development of the proposed Horley Business Park as a long term project.
14. Future plans are being revised in light of the occurrence of Covid-19, but progress continues to be made.
15. The Annual Report and Financial Statements for the year ended 31 December 2019 for Horley Business Park Development LLP are provided as Annex 2 to this item.
16. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

Agenda Item 4

Pathway for Care Limited

17. Pathway for Care Limited provides supporting living facilities and support for their residents at a number of sites in the borough and surrounding areas. As a shareholder, the Council is able to provide local expertise and experience in supporting vulnerable residents. The creation of the company was authorised by the Executive on 14 July 2016.
18. The Council is a minority shareholder in the company, with the majority shareholding held by Transforming Healthcare Group Limited. The Council has the right to appoint a director to the board of the company.
19. The Council also holds £1.1m redeemable preference shares in the company, redeemable in April 2023, which were converted from the Council's £1.1m loan to the company. When redeemed, these will provide a capital receipt for the Council, subject to the company holding sufficient funds to honour the redemption at that time.
20. The Council also stands to receive income from any dividends paid by the company. Total dividends are stipulated to be 50% of net profits generated by the company, subject to cash flow. Whilst the company has been investing in growing its services, it has not generated a profit, and therefore has not yet provided a dividend income to the Council.
21. The company reports that it is on track to generate a net profit in 2020.
22. The company has recently reduced its voids, revised its operating model and consistently generated a monthly profit.
23. The current Directors of the company are Paul Green, Warren Richards; and Councillor V. Lewanski, the Council appointed Director.
24. The Unaudited Financial Statements for the year ended 31 July 2019 for Pathway for Care Limited are provided as Annex 3 to this item.
25. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

RBBC Limited (Pathway Digital)

26. RBBC Limited was split from Pathway for Care in April 2018, as a potential digital monitoring technology business supported by external investment.
27. In the event, no suitable external investment was secured, and it was decided to dissolve the company, as reported in the performance update in March 2019. This process has now been concluded following delays at Companies House due to the Covid-19 pandemic and response.

Forthcoming Business

28. The Council is currently developing its Commercial Strategy. This will help shape and direct the future actions of the Council around commercially relevant activities.
29. As individual projects are developed, these will be brought forward for consideration by relevant committees, and will be available for scrutiny as required.

OPTIONS

30. Members are asked to note the report and any observations from the Overview & Scrutiny Committee. No decision is required.

LEGAL IMPLICATIONS

31. There are no direct legal implications of this report.
32. Where decisions are made which effect the Council's companies, the legal implications of these decisions will be considered as part of the decision making process in each case.

FINANCIAL IMPLICATIONS

33. There are no direct financial implications of this report. The Council's annual statement of accounts incorporates the financial position of its companies as part of its group financial statements.
34. Where decisions are made which effect the Council's companies, the financial implications of these decisions will be considered as part of the decision making process in each case.

EQUALITIES IMPLICATIONS

35. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
36. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
37. There are no direct equalities implications of this report, however an awareness of the Council's obligations with respect to these duties should form part of the consideration of this report.
38. Where decisions are made which effect the Council's companies, the equalities implications of these decisions will be considered as part of the decision making process in each case.
39. The Commercial Ventures Executive Sub-Committee shall generally have regard to the obligations of the Equality Act (2010) in conducting its role as the representative of the Council as a shareholder or partner in companies owned or part-owned by the Council.

COMMUNICATION IMPLICATIONS

Agenda Item 4

40. There are no direct communication implications as a result of this report. However, as identified in the Commercial Governance Framework, the Commercial Ventures Executive Sub-Committee shall have regard for the Local Authorities (Companies) Order 1995, which sets out the rights for authorities and individual Members to receive company specific information.

RISK MANAGEMENT CONSIDERATIONS

41. All commercial ventures and investment activities contain an element of risk, and the Commercial Ventures Executive Sub-Committee shall consider these as part of the decision making process for any future decisions relating to companies owned or part-owned by the Council.
42. In monitoring the performance of companies owned or part-owned by the Council, the Commercial Ventures Executive Sub-Committee has regard to the fiduciary duty the Council owes to its rate and local tax payers, to the public law requirements to exercise the general power of competence for a proper purpose, and the requirements of the Commercial Governance Framework which forms part of the terms of reference of the sub-committee.

CONSULTATION

43. The Members of the Commercial Ventures Executive Sub-Committee are consulted on an ongoing basis as to the performance and actions of companies owned or part-owned by the Council, along with other Members of the Executive or wider Council where appropriate.
44. The Overview and Scrutiny Committee was invited at the meeting of 22 October 2020 to make any observations on the contents of this report to the Commercial Ventures Executive Sub-Committee.
45. The Overview and Scrutiny Committee asked a number of questions and the following observations were noted:
- The Council continues to make progress with arrangements for moving to the delivery phase of Horley Business Park. Covid-19 has had some impact but the likely changing demands and needs for office space post Covid-19 can be incorporated into master planning.
 - Pathway for Care Limited's debtors were almost exclusively other Local Authorities who paid for services in arrears. An update on debtors' recoverability and details of their deferred tax asset have been requested from Pathway for Care and will be provided as soon as that is received.
 - It was noted that the Commercial Strategy would be reviewed by the Overview and Scrutiny Committee at its meeting on 9 December 2020 and a further Companies Performance Update would be provided to the Overview and Scrutiny Committee on 18 March 2021.

POLICY FRAMEWORK

Agenda Item 4

46. The recommendations of this report are not in conflict with the Council's Policy Framework.
47. All actions undertaken by the Council shall have regard to the objectives of the Council's Corporate Plan and supporting policy framework, unless otherwise specified by statute.

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Registered number

10508302

GREENSAND HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

GREENSAND HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | W Pallett D Beck (appointed 23 May 2019) |
| 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

CONTENTS

| | Page |
|--|-------------|
| Directors' report | 1 to 2 |
| Independent auditor's report | 3 to 5 |
| Statement of comprehensive income | 6 |
| Statement of financial position | 7 |
| Statement of changes in equity | 8 |
| Cash flow statement | 9 |
| Notes to the financial statements | 10 to 20 |

GREENSAND HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and audited financial statements for the year ended 31 December 2019.

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:

J Jory (resigned 31 July 2020)

W Pallett

D Beck (appointed 23 May 2019)

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 Financial Reporting Standards (IFRSs) (as adopted by the European Union) and applicable UK law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

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
- 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

Post balance sheet events

The directors are satisfied that the financial statements adequately disclose the potential impact of the emergence of Covid-19 post year end. Due to the unknown future impact of Covid-19, the valuation of the investment property has been reported on the basis of 'material valuation uncertainty'. The directors confirm that they have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

GREENSAND HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 08/09/20 and signed on behalf of the board by



W Pallett
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GREENSAND HOLDINGS LIMITED

Opinion

We have audited the financial statements of Greensand Holdings Limited (the "company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

We draw attention to note 5 in the financial statements, which explains that the independent valuation of investment property has been reported on the basis of 'material valuation uncertainty' due to the future impact of Covid-19 being unknown. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

GREENSAND HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare and the Directors' Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

GREENSAND HOLDINGS LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Graham Hunt BA FCA (Senior Statutory Auditor)

for and on behalf of Kreston Reeves LLP
Statutory Auditor, Chartered Accountants
Horsham

Date: *15 September 2020*

GREENSAND HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Notes | 2019 £ | 2018 £ |
|---|-------|------------------|----------------|
| Revenue | | 175,780 | 177,015 |
| Administrative expenses | | (53,360) | (51,851) |
| Fair value movement on investment property | | (210,500) | 48,900 |
| Operating (loss)/profit | 6 | (88,080) | 174,064 |
| Finance income | | 570 | 298 |
| Finance costs | 7 | (102,149) | (102,361) |
| (Loss)/profit before taxation | | (189,659) | 72,001 |
| Tax expense | 8 | 31,721 | 1,407 |
| (Loss)/profit for the year | | (157,938) | 73,408 |
| Total comprehensive income for the year attributable to shareholders | | (157,938) | 73,408 |

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.

GREENSAND HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

COMPANY REGISTRATION NUMBER: 10508302

| | Notes | 2019 | | 2018 | |
|-------------------------------------|-------|------------|-------------------|-----------|------------------|
| | | £ | £ | £ | £ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Investment property | 9 | | 2,382,000 | | 2,592,500 |
| Current assets | | | | | |
| Inventories | 10 | | 11,076,938 | | - |
| Trade and other receivables | 11 | | 57,118 | | - |
| Cash and cash equivalents | 12 | | 122,643 | | 42,663 |
| TOTAL ASSETS | | | 13,638,699 | | 2,635,163 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 13 | 124,887 | | 45,865 | |
| Current tax liabilities | 13 | 3,960 | | 10,194 | |
| | | 128,847 | | 56,059 | |
| Non-current liabilities | | | | | |
| Borrowings | 14 | 13,394,006 | | 2,269,639 | |
| Provisions | 16 | - | | 35,681 | |
| | | 13,394,006 | | 2,305,320 | |
| TOTAL LIABILITIES | | | 13,522,853 | | 2,361,379 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 17 | | 100 | | 100 |
| Revaluation reserve | 18 | | 82,185 | | 257,004 |
| Retained earnings | 18 | | 33,561 | | 16,680 |
| TOTAL EQUITY AND LIABILITIES | | | 13,638,699 | | 2,635,163 |

The financial statements were approved by the board and authorised for issue on 08/04/20 and signed on behalf of the board by


 W Pallett
 Director

GREENSAND HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

| | Equity attributable to equity holders of the company | | | |
|--|---|----------------------------|--------------------------|---------------------|
| | Issued share capital | Revaluation reserve | Retained earnings | Total equity |
| | £ | £ | £ | £ |
| At 1 January 2019 | 100 | 257,004 | 16,680 | 273,784 |
| Loss for the year | - | - | (157,938) | (157,938) |
| Transfer to revaluation reserve | - | (174,819) | 174,819 | - |
| Total comprehensive income for the year | - | (174,819) | 16,881 | (157,938) |
| At 31 December 2019 | 100 | 82,185 | 33,561 | 115,846 |

| | Equity attributable to equity holders of the company | | | |
|--|---|----------------------------|--------------------------|---------------------|
| | Issued share capital | Revaluation reserve | Retained earnings | Total equity |
| | £ | £ | £ | £ |
| At 1 January 2018 | 100 | 202,785 | (2,509) | 200,376 |
| Profit for the year | - | - | 73,408 | 73,408 |
| Transfer to revaluation reserve | - | 54,219 | (54,219) | - |
| Total comprehensive income for the year | - | 54,219 | 19,189 | 73,408 |
| At 31 December 2018 | 100 | 257,004 | 16,680 | 273,784 |

GREENSAND HOLDINGS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2019**

| | 2019 | 2018 |
|---|---------------------|------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| (Loss)/profit for the year | (157,938) | 73,408 |
| Adjustments to cash flows from non-cash items: | | |
| Finance income | (570) | (298) |
| Finance costs | 102,149 | 102,361 |
| Revaluation | 210,500 | (48,900) |
| Corporation tax | 3,960 | 3,912 |
| Deferred tax | (35,681) | (5,319) |
| Operating cash flows before movements in working capital | 122,420 | 125,164 |
| Working capital adjustments: | | |
| Increase in inventories | (11,076,938) | - |
| Increase/(decrease) in payables | (4,170) | (48,942) |
| (Increase)/decrease in receivables | (57,118) | 100 |
| | (11,138,226) | (48,842) |
| Cash (used in)/generated by operations | (11,015,806) | 76,322 |
| Income tax paid | (3,912) | - |
| Net cash (used in)/generated by operating activities | (11,019,718) | 76,322 |
| Investing activities | | |
| Interest received | 570 | 298 |
| Net cash generated by investing activities | 570 | 298 |
| Financing activities | | |
| Loan from shareholder | 11,124,367 | - |
| Interest paid | (25,239) | (102,361) |
| Net cash generated by/(used in) financing activities | 11,099,128 | (102,361) |
| Net increase/(decrease) in cash and cash equivalents | 79,980 | (25,741) |
| Cash and cash equivalents at beginning of year | 42,663 | 68,404 |
| Cash and cash equivalents at end of year | 122,643 | 42,663 |

The notes on pages 10 to 20 form part of the financial statements

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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:

- IFRS 16 'Leases'; effective 1 January 2019
- IFRIC 23 'Uncertainty over income tax treatments'; effective 1 January 2019
- Annual Improvements (2015-2017); effective 1 January 2019

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. In some cases these standards and guidance had not been endorsed by the European Union:

- Definition of a Business (Amendments to IFRS 3); effective 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8); effective 1 January 2020
- Conceptual Framework for Financial Reporting; effective 1 January 2020

The directors anticipate that the adoption of these standards and interpretations in future periods 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 International Financial Reporting Standards (IFRSs) adopted by the European Union and are consistent with the IFRSs as issued by the International Accounting Standards Board and IFRIC interpretations issued and effective at the time of preparing these financial statements and are in accordance with the Companies Act 2006.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 IFRSs 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 (Revised 2007)

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007).

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.

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 stocks 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.

Trade and other payables

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

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies - continued

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.

GREENSAND HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3 Significant accounting policies - continued

Going concern

The financial statements have been prepared on a going concern basis. While the impact of Covid-19 has been assessed by the directors so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the company's trade, its tenants and suppliers. However, taking into consideration the company's planning, the nature of its long term borrowings and the continuing support of its shareholder, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable

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:

| | 2019 | 2018 |
|---|-----------------------|----------------------|
| | £ | £ |
| Classes of financial assets - carrying amounts | | |
| Cash and cash equivalents | 122,643 | 42,663 |
| Trade and other receivables | 57,118 | - |
| | <u>179,761</u> | <u>42,663</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 2019

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 2019, 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 | 124,887 | - | - | - |
| Borrowings | - | - | - | 13,394,006 |
| | 124,887 | - | - | 13,394,006 |

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> |
|---------------------------------------|----------------------------|-----------------------|---------------------|-------------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Trade and other payables | <i>45,865</i> | - | - | - |
| Other taxes and social security costs | <i>6,282</i> | - | - | - |
| Corporation tax | <i>3,912</i> | - | - | - |
| Borrowings | - | - | - | <i>2,269,639</i> |
| | <i>56,059</i> | - | - | <i>2,269,639</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:

| | 2019 | 2018 |
|---------------------|-------------------|------------------|
| | £ | £ |
| Share capital | 100 | 100 |
| Revaluation reserve | 82,185 | 257,004 |
| Retained earnings | 33,561 | 16,680 |
| Borrowings | 13,394,006 | 2,269,639 |
| | 13,509,852 | 2,616,831 |

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

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 £2,382,000 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. As the future impact of Covid-19 is unknown, the valuation provided by the independent valuer has been reported on the basis of 'material valuation uncertainty'.

Recoverability of inventories

Inventories are stated at the lower of cost and net realisable value, taking into account all available evidence 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. Their ultimate realisation may be affected by the outcome of uncertain future events. 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

| | 2019 | 2018 |
|---|--------------|--------------|
| | £ | £ |
| This is stated after charging: | | |
| Auditor's remuneration - audit work | 4,000 | 2,600 |
| Auditor's remuneration - other services | <u>2,224</u> | <u>1,750</u> |
| | <u>6,224</u> | <u>4,350</u> |

7 Finance costs

| | 2019 | 2018 |
|---------------|----------------|----------------|
| | £ | £ |
| Loan interest | <u>102,149</u> | <u>102,361</u> |

In addition to loan interest included as a finance cost, during the year the company capitalised loan interest of £135,896 (2018: £nil), which has been included at the year end as part of the cost of inventories.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Taxation

| | 2019 | 2018 |
|---------------------------------------|-----------------|----------------|
| | £ | £ |
| Analysis of tax credit in year | | |
| Total current tax (see below) | 3,960 | 3,912 |
| Deferred tax (see below and note 16) | <u>(35,681)</u> | <u>(5,319)</u> |
| | <u>(31,721)</u> | <u>(1,407)</u> |

Factors affecting tax credit for year

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

| | 2019 | 2018 |
|--|------------------|----------------|
| | £ | £ |
| (Loss)/profit before tax on continuing operations | <u>(189,659)</u> | <u>72,001</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% | (36,035) | 13,680 |
| Effects of: | | |
| Fair value movement not taxable | 39,995 | (9,291) |
| Utilisation of losses brought forward | <u>-</u> | <u>(477)</u> |
| Total current tax (see above) | 3,960 | 3,912 |
| Total deferred tax (see above) | (35,681) | (5,319) |
| Total tax credit for the year | <u>(31,721)</u> | <u>(1,407)</u> |

GREENSAND HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Investment property

| | Freehold property £ |
|----------------------------|---------------------------|
| Fair value | |
| At 1 January 2019 | 2,592,500 |
| Revaluation | <u>(210,500)</u> |
| At 31 December 2019 | <u><u>2,382,000</u></u> |
| Fair value | |
| At 31 December 2019 | <u><u>2,382,000</u></u> |
| At 31 December 2018 | <u><u>2,592,500</u></u> |

Investment property with a fair value of £2,382,000 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 2019. 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 2019 was determined by an independent external valuer at that date. The valuations are in accordance with the Royal Institution of Chartered Surveyors ("RICS") valuation - Professional Standards ("The Red Book"). 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 valuation of the investment property was undertaken by Wilks Head & Eve LLP. As the future impact of Covid-19 is unknown, the valuation provided by Wilks Head & Eve LLP was reported on the basis of 'material valuation uncertainty'.

The property income earned by the company from its investment property, which is leased to tenants under non-cancellable operating leases, amounted to £175,780 for the year.

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

10 Inventories

| | 2019 £ | 2018 £ |
|-------------|--------------------------|-----------------|
| Inventories | <u><u>11,076,938</u></u> | <u><u>-</u></u> |

The cost of inventories recognised as an expense in the year amounted to £nil (2018 - £nil).

11 Trade and other receivables

| | 2019 £ | 2018 £ |
|--------------------------------|----------------------|-----------------|
| Trade receivables | 22,410 | - |
| Prepayments and accrued income | 63 | - |
| Other receivables | <u>34,645</u> | <u>-</u> |
| | <u><u>57,118</u></u> | <u><u>-</u></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 2019

12 Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------|----------------|---------------|
| Cash at bank | <u>122,643</u> | <u>42,663</u> |

13 Current liabilities

| | 2019 £ | 2018 £ |
|---------------------------------------|----------------|---------------|
| Trade payables | 10,513 | - |
| Accruals and deferred income | <u>114,374</u> | <u>45,865</u> |
| Trade and other payables | 124,887 | 45,865 |
| Other taxes and social security costs | - | 6,282 |
| Corporation tax payable | <u>3,960</u> | <u>3,912</u> |
| | <u>128,847</u> | <u>56,059</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

| | 2019 £ | 2018 £ |
|------------|-------------------|------------------|
| Borrowings | <u>13,394,006</u> | <u>2,269,639</u> |

15 Borrowings

| | 2019 £ | 2018 £ |
|---|-------------------|------------------|
| Secured borrowings | | |
| Loans and accrued interest due to shareholder | <u>13,394,006</u> | <u>2,269,639</u> |
| Amount due for settlement within 12 months | <u>-</u> | <u>-</u> |
| Amount due for settlement after 12 months | <u>13,394,006</u> | <u>2,269,639</u> |

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

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Provisions for liabilities

Deferred taxation provided in the financial statements is as follows:

| | Provided 2019 £ | Provided 2018 £ |
|------------------------------------|-------------------------------------|-------------------------------------|
| Unrealised gain on revalued assets | <u>-</u> | <u>35,681</u> |

Under IAS 12, a deferred tax provision is made for the tax that would potentially be payable on the revaluation of investment property at its fair value in these financial statements.

During the year £35,681 of the provision brought forward was released to the Statement of Comprehensive Income.

17 Share capital

| | 2019 Number | 2019 £ | 2018 Number | 2018 £ |
|--|------------------------------|------------------|------------------------------|------------------|
| Allotted and fully paid Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

18 Reserves

Share capital

Represents the nominal value of shares that have been issued.

Revaluation reserve

Represents a non-distributable reserve arising on the revaluation of the investment property to its fair value.

Retained earnings

Represents accumulated realised profits less accumulated realised losses.

19 Operating lease arrangements

Property rental income earned during the year was £175,780. 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:

| | 2019 £ | 2018 £ |
|---------------------|-----------------------|-----------------------|
| Within one year | 174,690 | 174,690 |
| One to two years | 123,563 | 174,690 |
| Two to three years | 98,000 | 123,563 |
| Three to four years | 98,000 | 98,000 |
| Four to five years | 32,667 | 98,000 |
| In over five years | <u>-</u> | <u>32,667</u> |
| | <u>526,920</u> | <u>701,610</u> |

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Related party transactions

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

During the year RBBC provided a further loan to the company of £10,988,471, bringing the total amount of loans received by the company from RBBC to £13,258,110 (2018: £2,269,639). Interest charged on the loans in the year amounted to £238,045 (2018: £102,361). At the year end £76,910 (2018: £25,801) of unpaid interest is included in accruals and £135,896 (2018: £nil) of unpaid interest has been added to the loan and included as part of the amount due to RBBC at the year end of £13,394,006 (2018: £2,269,639) (note 14). RBBC recharged its officer time spent dealing with company management and administration and this amounted to £35,367 (2018: £38,114). The balance outstanding at the year end is £18,258 (2018: £15,714).

W Pallett (Director)

During the year the company was charged £1,552 (2018: £1,015) for management services by Mr W Pallett.

21 Financial instruments

Categories of financial instruments

The company held the following financial assets:

| | 2019 £ | 2018 £ |
|-----------------------------|----------------|---------------|
| Trade and other receivables | 57,055 | - |
| Cash and cash equivalents | <u>122,643</u> | <u>42,663</u> |
| | <u>179,698</u> | <u>42,663</u> |

The company held the following financial liabilities:

| | 2019 £ | 2018 £ |
|--------------------------|-------------------|------------------|
| Trade and other payables | 106,993 | 45,865 |
| Borrowings | <u>13,394,006</u> | <u>2,269,639</u> |
| | <u>13,500,999</u> | <u>2,315,504</u> |

22 Post balance sheet events

The outbreak of coronavirus (Covid-19), which was declared by the World Health Organisation as a pandemic in March 2020, represents a non-adjusting post balance sheet event for the company. The directors acknowledge the general economic uncertainty caused by the Covid-19 outbreak and continue to monitor its impact on the company. At the date of approval of the financial statements, the directors are of the opinion that Covid-19 has had no significant impact on the company's activities.

23 Ultimate controlling party

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

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Horley Business Park Development LLP

Annual Report and Financial Statements

For the year ended 31 December 2019

Limited Liability Partnership Registration No. OC407343 (England and Wales)

Horley Business Park Development LLP

Limited Liability Partnership Information

Designated members Reigate & Banstead Borough Council
Berwick Hill Properties Limited
Millhill Properties (Horley) Limited

Limited liability partnership number OC407343

Registered office Reigate & Banstead Borough Council
Town Hall
Castlefield Road
Reigate
Surrey
RH2 0SH

Auditor Moore Kingston Smith LLP
Betchworth House
57-65 Station Road
Redhill
Surrey
RH1 1DL

Business address Reigate & Banstead Borough Council
Town Hall
Castlefield Road
Reigate
Surrey
RH2 0SH

Horley Business Park Development LLP

Members' Report

For the year ended 31 December 2019

The members present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Limited Liability Partnership ("LLP") continued to be the development of a business park.

Members' drawings, contributions and repayments

Each member's subscription to the capital of the LLP and its conditions for repayment are determined by the members' agreement.

Members capital is classified as a liability and on ceasing to be a member of the LLP, a member is entitled to a return of their capital.

Details of changes in members' capital in the year ended 31 December 2019 are set out in the Reconciliation of Members' Interests.

Certain members have also provided loans to the LLP in accordance with loan agreements and the members' agreement. The loans have been treated as a liability and included as 'members' capital classified as a liability' rather than as loans made to the LLP which would be included as part of creditors. The members' consider this accounting treatment more accurately reflects the substance of the loan transactions. The loans are repayable in accordance with the member's agreement. On ceasing to be a member of the LLP, a member is entitled to a return of any loan amount and interest which have not previously been repaid.

The availability of drawings is dependent on the cash requirements of the LLP. The member's agreement makes provision for certain members to receive development management fees and other service fees prior to the allocation of the remaining profits among the members. There is no requirement for the members to make good losses.

Designated members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Reigate & Banstead Borough Council
Berwick Hill Properties Limited
Millhill Properties (Horley) Limited

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Horley Business Park Development LLP

Members' Report (Continued)

For the year ended 31 December 2019

Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditor is unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditor is aware of that information.

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

This report was approved by the members on

and signed on their behalf by:

.....
Reigate & Banstead Borough Council
Designated Member

.....
Berwick Hill Properties Limited
Designated Member

.....
Millhill Properties (Horley) Limited
Designated Member

Horley Business Park Development LLP

Independent Auditor's Report

To the Members of Horley Business Park Development LLP

Opinion

We have audited the financial statements of Horley Business Park Development LLP (the 'limited liability partnership') for the year ended 31 December 2019 which comprise the Profit And Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Horley Business Park Development LLP

Independent Auditor's Report (Continued)

To the Members of Horley Business Park Development LLP

Other information

The members are responsible for the other information. The other information comprises the information included in the members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Horley Business Park Development LLP

Independent Auditor's Report (Continued)

To the Members of Horley Business Park Development LLP

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the limited liability partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the limited liability partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Matthews (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

.....

Chartered Accountants
Statutory Auditor

Betchworth House
57-65 Station Road
Redhill
Surrey
RH1 1DL

Horley Business Park Development LLP

Profit and loss account

For the year ended 31 December 2019

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | £ | £ |
| Administrative expenses | (10,088) | (8,542) |
| Interest receivable and similar income | 54 | - |
| | <u> </u> | <u> </u> |
| Loss for the financial year before taxation | (10,034) | (8,542) |
| | <u> </u> | <u> </u> |
| Loss for the financial year before members' remuneration and profit shares | (10,034) | (8,542) |
| | <u> </u> | <u> </u> |
| Loss for the financial year before members' remuneration and profit shares | (10,034) | (8,542) |
| Members' remuneration charged as an expense | - | - |
| | <u> </u> | <u> </u> |
| Loss for the financial year available for discretionary division among members | (10,034) | (8,542) |
| | <u> </u> | <u> </u> |

Horley Business Park Development LLP

Balance Sheet

As at 31 December 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|---|-------|------------------|------------------|------------------|----------------|
| Current assets | | | | | |
| Stocks | | 1,218,467 | | 1,086,314 | |
| Debtors | 3 | 21,317 | | 49,637 | |
| Cash and cash equivalents | | 244 | | 17,482 | |
| | | <u>1,240,028</u> | | <u>1,153,433</u> | |
| Creditors: amounts falling due within one year | 4 | <u>(201,216)</u> | | <u>(256,169)</u> | |
| Net current assets | | | <u>1,038,812</u> | | <u>897,264</u> |
| Represented by: | | | | | |
| Loans and other debts due to members | | | | | |
| Members' capital classified as a liability | | | 1,079,728 | | 928,146 |
| Members' other interests | | | | | |
| Other reserves classified as equity | | | (40,916) | | (30,882) |
| | | | <u>1,038,812</u> | | <u>897,264</u> |
| Total members' interests | | | | | |
| Amounts due from members | | | (20,100) | | (20,100) |
| Loans and other debts due to members | | | 1,079,728 | | 928,146 |
| Members' other interests | | | (40,916) | | (30,882) |
| | | | <u>1,018,712</u> | | <u>877,164</u> |

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships' regime.

The financial statements were approved by the members and authorised for issue on and are signed on their behalf by:

.....
Reigate & Banstead Borough Council
Designated member

.....
Berwick Hill Properties Limited
Designated Member

.....
Millhill Properties (Horley) Limited
Designated Member

Limited Liability Partnership Registration No. OC407343

Horley Business Park Development LLP

Reconciliation of Members' Interests

For the year ended 31 December 2019

| <i>Current financial year</i> | EQUITY | | DEBT | | TOTAL |
|--|--------------------------|---|---------------|-----------|--------------------|
| | Members' other interests | Loans and other debts due to members less any amounts due from members in debtors | | | MEMBERS' INTERESTS |
| | Other reserves | Members' capital (classified as debt) | Other amounts | Total | Total 2019 |
| | £ | | £ | £ | £ |
| Amounts due to members | | | (20,100) | | |
| Members' interests at 1 January 2019 | (30,882) | 928,146 | (20,100) | 908,046 | 877,164 |
| Loss for the financial year available for discretionary division among members | (10,034) | - | - | - | (10,034) |
| Members' interests after loss for the year | (40,916) | 928,146 | (20,100) | 908,046 | 867,130 |
| Introduced by members | - | 51,775 | - | 51,775 | 51,775 |
| Interest on capital | - | 99,807 | - | 99,807 | 99,807 |
| Members' interests at 31 December 2019 | (40,916) | 1,079,728 | (20,100) | 1,059,628 | 1,018,712 |
| Amounts due to members | | | (20,100) | | |
| | | | (20,100) | | |

Horley Business Park Development LLP

Reconciliation of Members' Interests (Continued)

For the year ended 31 December 2019

| <i>Prior financial year</i> | EQUITY | | DEBT | | TOTAL |
|--|--------------------------|---|---------------------------------------|---------------|--------------------|
| | Members' other interests | Loans and other debts due to members less any amounts due from members in debtors | Members' capital (classified as debt) | Other amounts | MEMBERS' INTERESTS |
| | Other reserves | | Total | | Total 2018 |
| | £ | | £ | £ | £ |
| Amounts due to members | | | (20,100) | | |
| Members' interests at 1 January 2018 | (22,340) | 587,374 | (20,100) | 567,274 | 544,934 |
| Loss for the financial year available for discretionary division among members | (8,542) | - | - | - | (8,542) |
| Members' interests after loss for the year | (30,882) | 587,374 | (20,100) | 567,274 | 536,392 |
| Introduced by members | - | 259,400 | - | 259,400 | 259,400 |
| Interest on capital | - | 81,372 | - | 81,372 | 81,372 |
| Members' interests at 31 December 2018 | (30,882) | 928,146 | (20,100) | 908,046 | 877,164 |
| Amounts due to members | | | (20,100) | | |
| | | | (20,100) | | |

Horley Business Park Development LLP

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies

Limited liability partnership information

Horley Business Park Development LLP is a Limited Liability Partnership incorporated in England and Wales. The registered office is Reigate & Banstead Borough Council, Town Hall, Castlefield Road, Reigate, Surrey, United Kingdom, RH2 0SH.

The Limited Liability Partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principle accounting policies adopted are set out below.

1.2 Going concern

The LLP is in the process of developing a new business park with all directly attributable project costs incurred to date being carried forward as work in progress in the balance sheet. The development is currently in the approval phase and has yet to reach the stage where an application can be submitted for planning consent. The members are not aware of any matters that will prevent a planning application being made although there can be no certainty in this regard. The members have confirmed that sufficient funds will be made available to the LLP to enable it to continue with the development process and that the LLP has no capital commitments at the Balance Sheet date. The majority of current liabilities at the Balance Sheet date are represented by a deferred government grant and will be recognised over the useful economic life of the development once complete. The LLP has met the pre-conditions associated with the grant and so the members do not believe the grant is repayable. Based on these factors, the members therefore consider that it is reasonable for the financial statements to be prepared on a going concern basis

Horley Business Park Development LLP

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.3 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Where members incur expenses on behalf of the LLP and then recharge those expenses to the LLP at cost, the costs are treated as administrative expenses and, if applicable, capitalised as work in progress. The recharged costs do not fall to be treated by the LLP as 'members' remuneration charged as an expense'. This accounting policy represents a departure from the SORP, which sets out the accounting principles of classifying amounts paid to members as 'members' remuneration charged as an expense'. The members consider that this accounting policy adopted represents the substance of the underlying transaction and is necessary in order that the financial statements give a true and fair view.

The profit and losses due to or from members, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves. In accordance with the members' agreement, there is no requirement for the members to make good any losses or negative balances on 'other reserves'.

1.4 Stocks

Work in progress comprises the development of a new business park. It is valued at the lower of cost and estimated net realisable value of the completed project. Cost includes all direct costs.

Borrowing costs which are directly attributable to the work in progress project are capitalised as work in progress and carried forward as an asset on the balance sheet. In the year borrowing costs of £99,807 (2018: £81,372) were capitalised in work in progress.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The LLP only has financial instruments classified as basic and measured at amortised cost. The LLP has no financial instruments that are classified as 'other' or financial instruments measured at fair value.

Horley Business Park Development LLP

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies (Continued)

1.7 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs.

1.8 Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual member and not on the LLP.

1.9 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised as deferred income and not deducted from the carrying value of the asset.

2 Judgements and key sources of estimation uncertainty

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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.

Realisation of work in progress

The members estimate the net realisable value of work in progress, taking into account all available information at the reporting date. The work in progress is not forecast to be completed in the short to medium term and its ultimate successful completion may be affected by the outcome of uncertain future events. The success of the development is not currently assured. Having made appropriate enquiries, the members have a reasonable expectation that the development will progress to completion and that sufficient funding will be available to enable this to happen. On this basis, work in progress has been carried forward at cost.

3 Debtors

| | 2019 | 2018 |
|---|----------------------|----------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Amounts due from members | 20,100 | 20,100 |
| Other debtors | 1,217 | 29,537 |
| | <u>21,317</u> | <u>49,637</u> |
| | <u><u>21,317</u></u> | <u><u>49,637</u></u> |

Horley Business Park Development LLP

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

4 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|-----------------|----------------|----------------|
| Trade creditors | - | 116,204 |
| Other creditors | 201,216 | 139,965 |
| | <u>201,216</u> | <u>256,169</u> |

5 Loans and other debts due to members

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

6 Events after the reporting date

The Members recognise that since the Balance Sheet date the worldwide COVID-19 pandemic has taken hold. The Members have assessed the impact of this on the LLP and consider any impact or delays to be short term only. As a result the Members believe that the LLP will be able to continue in business and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

7 Related party transactions

All members are considered to be related parties of the LLP.

Horley Business Park Development LLP

Management Information

For the year ended 31 December 2019

Horley Business Park Development LLP

Detailed Trading Profit and Loss Account

For the year ended 31 December 2019

| | £ | 2019 £ | £ | 2018 £ |
|--------------------------------------|--------------------|------------------------|--------------------|-----------------------|
| Cost of sales | | | | |
| Opening work in progress - long term | 1,086,314 | | 636,595 | |
| Direct costs | 132,153 | | 449,719 | |
| Closing work in progress - long term | <u>(1,218,467)</u> | | <u>(1,086,314)</u> | |
| Gross loss | | - | | - |
| Administrative expenses | | <u>(10,088)</u> | | <u>(8,542)</u> |
| Operating loss | | (10,088) | | (8,542) |
| Investment revenues | | | | |
| Bank interest received | <u>54</u> | | <u>-</u> | |
| | | <u>54</u> | | <u>-</u> |
| Loss before taxation | | <u><u>(10,034)</u></u> | | <u><u>(8,542)</u></u> |

Horley Business Park Development LLP

Schedule of Administrative Expenses

For the year ended 31 December 2019

| | 2019 | 2018 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Administrative expenses | | |
| Legal and professional fees | 208 | - |
| Accountancy | 2,020 | - |
| Audit fees | 4,595 | 5,542 |
| Bank charges | 182 | - |
| Insurances | 333 | - |
| Telecommunications | 2,750 | 3,000 |
| | <hr/> | <hr/> |
| | 10,088 | 8,542 |
| | <hr/> <hr/> | <hr/> <hr/> |

PATHWAY FOR CARE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019
PAGES FOR FILING WITH REGISTRAR

PATHWAY FOR CARE LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Balance sheet | 1 - 2 |
| Notes to the financial statements | 3 - 8 |

PATHWAY FOR CARE LIMITED

BALANCE SHEET

AS AT 31 JULY 2019

| | | 2019 | | 2018 | |
|--|-------|------------------|---------------|-----------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 3 | | 12,998 | | 5,361 |
| Current assets | | | | | |
| Debtors | 4 | 795,085 | | 71,447 | |
| Cash at bank and in hand | | 3,888 | | 19,271 | |
| | | <u>798,973</u> | | <u>90,718</u> | |
| Creditors: amounts falling due within one year | 5 | <u>(793,793)</u> | | <u>(38,941)</u> | |
| Net current assets | | | 5,180 | | 51,777 |
| Total assets less current liabilities | | | <u>18,178</u> | | <u>57,138</u> |
| Creditors: amounts falling due after more than one year | 6 | | - | | (187,974) |
| Net assets/(liabilities) | | | <u>18,178</u> | | <u>(130,836)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 1,100,100 | | 768,706 |
| Profit and loss reserves | | | (1,081,922) | | (899,542) |
| Total equity | | | <u>18,178</u> | | <u>(130,836)</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 July 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

PATHWAY FOR CARE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 JULY 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|--|-------|-----------|---|-----------|---|
|--|-------|-----------|---|-----------|---|

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....

P Green

Director

Company Registration No. 10339398

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Company information

Pathway for Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Cornerstone, Oak Green Business Park, Cheadle Hulme, Cheadle, SK8 6QL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------|-------------------|
| IT Equipment | 33% Straight Line |
|--------------|-------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

(Continued)

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2019 Number | 2018 Number |
|-------|----------------|----------------|
| Total | 59 | 5 |

3 Tangible fixed assets

| | IT Equipment £ |
|------------------------------------|-------------------|
| Cost | |
| At 1 August 2018 | 7,969 |
| Additions | 12,308 |
| Disposals | (6) |
| At 31 July 2019 | 20,271 |
| Depreciation and impairment | |
| At 1 August 2018 | 2,608 |
| Depreciation charged in the year | 4,665 |
| At 31 July 2019 | 7,273 |
| Carrying amount | |
| At 31 July 2019 | 12,998 |
| At 31 July 2018 | 5,361 |

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

| | | |
|--|-------------|-------------|
| 4 Debtors | 2019 | 2018 |
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 312,919 | 71,328 |
| Other debtors | 236,617 | 119 |
| | <hr/> | <hr/> |
| | 549,536 | 71,447 |
| Deferred tax asset | 245,549 | - |
| | <hr/> | <hr/> |
| | 795,085 | 71,447 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 5 Creditors: amounts falling due within one year | 2019 | 2018 |
| | £ | £ |
| Trade creditors | 43,805 | 11,141 |
| Taxation and social security | - | 737 |
| Other creditors | 749,988 | 27,063 |
| | <hr/> | <hr/> |
| | 793,793 | 38,941 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 6 Creditors: amounts falling due after more than one year | 2019 | 2018 |
| | £ | £ |
| Amounts owed to group undertakings | - | 187,974 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 7 Called up share capital | 2019 | 2018 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 100 Ordinary of £1 each | 100 | 100 |
| | <hr/> <hr/> | <hr/> <hr/> |

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

| 7 | Called up share capital | (Continued) | |
|---|---|-------------|-----------|
| | | 2019 | 2018 |
| | | £ | £ |
| | Preference share capital | | |
| | Issued and fully paid | | |
| | | ===== | ===== |
| | Preference shares classified as equity | 1,100,000 | 768,606 |
| | Preference shares classified as liabilities | (1,100,000) | (768,606) |
| | | ----- | ----- |
| | | - | - |
| | | ===== | ===== |
| | Total equity share capital | 1,100,100 | 768,706 |
| | | ===== | ===== |