

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

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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 | - | 32,667 |
| | <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.