

Registered number
10508302

GREENSAND HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

GREENSAND HOLDINGS LIMITED

COMPANY INFORMATION

Directors

W Pallett
D Beck
R S Michalowski (appointed 6 October 2020)

Independent auditor

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

Registered office

Town Hall
Castlefield Road
Reigate
Surrey
RH2 0SH

Registered number

10508302

GREENSAND HOLDINGS LIMITED

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GREENSAND HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and audited financial statements for the year ended 31 December 2020.

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

R S Michalowski (appointed 6 October 2020)

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 unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Small company special provisions

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

This report was approved by the board on

and signed on behalf of the board by

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 2020 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 2020 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 Financial Reporting Council'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.

Emphasis of matter

We draw attention to note 5 in the financial statements and the section on investment properties. This sets out the basis on which the independent valuation of investment properties has been undertaken in the prior year. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

Opinion 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to Landlord and Tenant legislation and health and safety. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties and inventories, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Reviewing contracts to ensure that revenue recognition was appropriate; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

GREENSAND HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

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.
- 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.

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 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.

Graham Hunt BA FCA (Senior Statutory Auditor)

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

Date:

GREENSAND HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Revenue		177,833	175,780
Administrative expenses		(56,839)	(53,360)
Fair value movement on investment property		(521,900)	(210,500)
Impairment to inventories	5	(1,726,892)	-
Operating loss	6	(2,127,798)	(88,080)
Finance income		250	570
Finance costs	7	(102,221)	(102,149)
Loss before taxation		(2,229,769)	(189,659)
Tax expense	8	-	31,721
Loss for the year		(2,229,769)	(157,938)
Total comprehensive income for the year attributable to shareholders		(2,229,769)	(157,938)

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 2020****COMPANY REGISTRATION NUMBER: 10508302**

	Notes	2020		2019	
		£	£	£	£
ASSETS					
Non-current assets					
Investment property	9		1,860,100		2,382,000
Current assets					
Inventories	10		10,168,000		11,076,938
Trade and other receivables	11		3,833		57,118
Cash and cash equivalents	12		113,228		122,643
TOTAL ASSETS			<u>12,145,161</u>		<u>13,638,699</u>
LIABILITIES					
Current liabilities					
Trade and other payables	13	45,744		124,887	
Current tax liabilities	13	3,960		3,960	
		49,704		128,847	
Non-current liabilities					
Borrowings	14	14,209,380		13,394,006	
TOTAL LIABILITIES			14,259,084		13,522,853
SHAREHOLDERS' EQUITY					
Share capital	16		100		100
Revaluation reserve	17		(439,715)		82,185
Retained earnings	17		(1,674,308)		33,561
TOTAL EQUITY AND LIABILITIES			<u>12,145,161</u>		<u>13,638,699</u>

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

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 2020

	Equity attributable to equity holders of the company			
	Issued share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2020	100	82,185	33,561	115,846
Loss for the year	-	-	(2,229,769)	(2,229,769)
Transfer to revaluation reserve	-	(521,900)	521,900	-
Total comprehensive income for the year	-	(521,900)	(1,707,869)	(2,229,769)
At 31 December 2020	100	(439,715)	(1,674,308)	(2,113,923)

	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

GREENSAND HOLDINGS LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£
Cash flows from operating activities		
Loss for the year	(2,229,769)	(157,938)
Adjustments to cash flows from non-cash items:		
Finance income	(250)	(570)
Finance costs	102,221	102,149
Revaluation	521,900	210,500
Corporation tax	-	3,960
Deferred tax	-	(35,681)
Operating cash flows before movements in working capital	(1,605,898)	122,420
Working capital adjustments:		
Decrease/(increase) in inventories	908,938	(11,076,938)
Increase/(decrease) in payables	(27,823)	(4,170)
Decrease/(increase) in receivables	53,285	(57,118)
	934,400	(11,138,226)
Cash used in operations	(671,498)	(11,015,806)
Income tax paid	-	(3,912)
Net cash used in operating activities	(671,498)	(11,019,718)
Investing activities		
Interest received	250	570
Net cash generated by investing activities	250	570
Financing activities		
Loan from shareholder	815,374	11,124,367
Interest paid	(153,541)	(25,239)
Net cash generated by financing activities	661,833	11,099,128
Net (decrease)/increase in cash and cash equivalents	(9,415)	79,980
Cash and cash equivalents at beginning of year	122,643	42,663
Cash and cash equivalents at end of year	113,228	122,643

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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:

- 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
- COVID-19 Rent Related Concessions (Amendments to IFRS 16); effective 1 June 2020
- Conceptual Framework for Financial Reporting; effective 1 January 2020

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:

- References to the Conceptual Framework; effective 1 January 2021
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37); effective 1 January 2022
- Annual improvements to the IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16); effective 1 January 2022
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); effective 1 January 2023

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 2020

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 inventories to their existing condition and location. Costs are assigned by specific identification and include the cost of acquisition, subsequent development costs and borrowing costs during development. Net realisable value is determined by the directors.

Trade and other receivables

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

Cash and cash equivalents

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

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 2020

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 2020

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 future.

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:

	2020	2019
	£	£
Classes of financial assets - carrying amounts		
Cash and cash equivalents	113,228	122,643
Trade and other receivables	3,833	57,118
	<u>117,061</u>	<u>179,761</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 2020

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 2020, 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	45,744	-	-	-
Borrowings	-	-	-	14,209,380
	45,744	-	-	14,209,380

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>124,887</i>	-	-	-
Borrowings	-	-	-	<i>13,394,006</i>
	<i>124,887</i>	-	-	<i>13,394,006</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:

	2020	2019
	£	£
Share capital	100	100
Revaluation reserve	(439,715)	82,185
Retained earnings	(1,674,308)	33,561
Borrowings	14,209,380	13,394,006
	12,095,457	13,509,852

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 2020

5 Critical accounting judgements

Critical judgements in applying the company's accounting policies

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

Investment properties

The company holds investment property with fair value of £1,860,100 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 prior year valuation provided by the independent valuer was reported on the basis of a 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to the prior year valuation than would normally be the case.

Recoverability of inventories

Inventories of £10,168,000 (note 10) are stated at the lower of cost and net realisable value after taking into account all available information at the reporting date. The intention is to hold the inventories for development and at the balance sheet date they are not forecast to be realised in the short to medium term. The development project is still in its early stages, and this increases the estimation uncertainty as the total forecast development costs and ultimate net realisable value are subject to a number of uncertain future events including, but not limited to, the receipt of planning permission, the total build cost and fluctuations in the property market. The directors have obtained an independent, professional valuation of the development land at the balance sheet date to assist them in determining its net realisable value. Based on the stage of completion of the development, the directors are of the opinion that the current net realisable value of inventories is unlikely to be materially different from the independent valuation. This has resulted in an impairment of inventories of £1,726,892 being recognised in the Statement of Comprehensive Income during the year. The commercial viability of the development is kept under regular review by the directors to ensure that, so far as reasonably possible, inventories continue to be stated at the lower of cost and net realisable value.

6 Operating loss

	2020	2019
	£	£
This is stated after charging:		
Auditor's remuneration - audit work	4,500	4,000
Auditor's remuneration - other services	7,963	2,224
	<u>12,463</u>	<u>6,224</u>

7 Finance costs

	2020	2019
	£	£
Loan interest	<u>102,221</u>	<u>102,149</u>

In addition to loan interest included as a finance cost, during the year the company capitalised loan interest of £815,375 (2019: £135,896).

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation

	2020	2019
	£	£
Analysis of tax charge/(credit) in year		
Total current tax (see below)	-	3,960
Deferred tax (see below)	-	(35,681)
	<u>-</u>	<u>(31,721)</u>

Factors affecting tax charge/(credit) for year

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

	2020	2019
	£	£
Loss before tax on continuing operations	<u>(2,229,769)</u>	<u>(189,659)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(423,656)	(36,035)
Effects of:		
Fair value movement not taxable	99,161	39,995
Deferred tax asset not recognised	<u>324,495</u>	<u>-</u>
Total current tax (see above)	-	3,960
Total deferred tax (see above)	-	(35,681)
Total tax charge/(credit) for the year	<u>-</u>	<u>(31,721)</u>

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Investment property

	Freehold property £
Fair value	
At 1 January 2020	2,382,000
Revaluation	(521,900)
At 31 December 2020	<u>1,860,100</u>
Fair value	
At 31 December 2020	<u>1,860,100</u>
At 31 December 2019	<u>2,382,000</u>

Investment property with a fair value of £1,860,100 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 2020. 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 2020 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 property income earned by the company from its investment property, which is leased to tenants under non-cancellable operating leases, amounted to £177,833 for the year.

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

10 Inventories

	2020 £	2019 £
Inventories	<u>10,168,000</u>	<u>11,076,938</u>

The cost of inventories recognised as an expense in the year amounted to £1,726,892 (2019 - £nil). This includes an amount of £1,726,892 (2019: £nil) resulting from impairment of inventories.

11 Trade and other receivables

	2020 £	2019 £
Trade receivables	1,158	22,410
Prepayments and accrued income	1,277	63
Other receivables	1,398	34,645
	<u>3,833</u>	<u>57,118</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 2020

12 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	<u>113,228</u>	<u>122,643</u>

13 Current liabilities

	2020 £	2019 £
Trade payables	7,136	10,513
Accruals and deferred income	<u>38,608</u>	<u>114,374</u>
Trade and other payables	45,744	124,887
Corporation tax payable	<u>3,960</u>	<u>3,960</u>
	<u>49,704</u>	<u>128,847</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

	2020 £	2019 £
Borrowings	<u>14,209,380</u>	<u>13,394,006</u>

15 Borrowings

	2019 £	2019 £
Secured borrowings		
Loans and accrued interest due to shareholder	<u>14,209,380</u>	<u>13,394,006</u>
Amount due for settlement within 12 months	<u>-</u>	<u>-</u>
Amount due for settlement after 12 months	<u>14,209,380</u>	<u>13,394,006</u>

The loans from Reigate and Banstead Borough Council are denominated in sterling. The first loan carries an interest rate equivalent to the rate charged by the Public Works Loan Board plus 2% with the final repayment due on 19 February 2023. The second loan carried an interest rate of 7.4% with the final repayment due on 25 October 2034. The loans and accrued interest are secured on the freehold investment property and inventories.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Share capital

	2020 Number	2020 £	2019 Number	2019 £
Allotted and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17 Reserves

Revaluation reserve

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

Retained earnings

Represents accumulated realised profits less accumulated realised losses.

18 Operating lease arrangements

Property rental income earned during the year was £177,833 (2019 - £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:

	2020 £	2019 £
Within one year	176,790	174,690
One to two years	176,790	123,563
Two to three years	176,790	98,000
Three to four years	110,057	98,000
Four to five years	76,690	32,667
In over five years	25,563	-
	<u>742,680</u>	<u>526,920</u>

19 Related party transactions

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

During the year RBBC continued to provide a loan to the company of £13,258,110 (2019: £13,258,110). Interest charged on the loans in the year amounted to £917,596 (2019: £238,045). At the year end £25,590 (2019: £76,910) of unpaid interest is included in accruals and £815,375 (2019: £135,896) of unpaid interest has been added to the loan and included as part of the amount due to RBBC at the year end of £14,209,380 (2019: £13,394,006) (note 14). RBBC recharged its officer time spent dealing with company management and administration and this amounted to £7,745 (2019: £35,367). The balance outstanding at the year end is £7,136 (2019: £18,258).

W Pallett (Director)

During the year the company was charged £657 (2019: £1,552) for management services by Mr W Pallett.

D Beck (Director)

During the year the company was charged £2,880 (2019: £Nil) for management services by Mr D Beck.

GREENSAND HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Financial instruments

Categories of financial instruments

The company held the following financial assets:

	2020 £	2019 £
Trade and other receivables	2,556	57,055
Cash and cash equivalents	<u>113,228</u>	<u>122,643</u>
	<u>115,784</u>	<u>179,698</u>

The company held the following financial liabilities:

	2020 £	2019 £
Trade and other payables	45,744	106,993
Borrowings	<u>14,209,380</u>	<u>13,394,006</u>
	<u>14,255,124</u>	<u>13,500,999</u>

21 Ultimate controlling party

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