

Public Document Pack



Aspirational for our people, our place and ourselves

To: MEMBERS OF THE INVESTMENT SUB COMMITTEE
Councillors Bourne (Chair), Cooper, Elias, Jones and
Langton

for any enquiries, please contact:
customerservices@tandridge.gov.uk
01883 722000

Substitute Councillors: Bloore, Caulcott and Farr

C.C. All Other Members of the Council

28 October 2021

Dear Sir/Madam

INVESTMENT SUB COMMITTEE FRIDAY, 5TH NOVEMBER, 2021 AT 10.00 AM

The agenda for this meeting of the Sub-Committee to be held in the Council Chamber, Council Offices, Station Road East, Oxted is set out below. If a member of the Sub-Committee is unable to attend the meeting, please notify officers accordingly.

Should Members require clarification about any item of business, they are urged to contact officers before the meeting. In this respect, reports contain authors' names and contact details.

If a Member of the Council, not being a member of the Sub-Committee, proposes to attend the meeting, please let the officers know by no later than noon on the day of the meeting.

Yours faithfully,

David Ford
Chief Executive

AGENDA

- 1. Apologies for absence (if any)**
- 2. Declarations of interest**

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- (i) any Disclosable Pecuniary Interests (DPIs) and / or
- (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or her staff prior to the meeting.

- 3. Minutes of the meeting held on the 24th September 2021 (Pages 3 - 4)**
- 4. Summary Investment and Borrowing Position at 30th September 2021 (Pages 5 - 12)**
- 5. Gryllus Holdings and Gryllus Property Final Accounts 2020/21 (Pages 13 - 76)**

6. To consider passing the following resolution to exclude the press and public:

RESOLVED – that members of the press and public be excluded from the meeting for agenda item 7 under Section 100A (4) of the Local Government Act 1972 (as amended) 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) for the item the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

7. Investment Property Update (Pages 77 - 178)

8. Any other business which, in the opinion of the Chair, should be considered as a matter of urgency

TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 24 September 2021 at 10.00am.

PRESENT: Councillors Bourne (Chair), Cooper, Elias, Jones and Langton

ALSO PRESENT: Councillor Farr

1. MINUTES OF THE MEETING HELD ON THE 11TH JUNE 2021

These were confirmed as a correct record.

2. FUND MANAGER SELECTION

Arising from the 11th June 2021 meeting, Link Group (the Council's treasury advisors) had conducted a fund manager selection process to inform a review of the Council's medium / long term investment portfolio. This was in light of the previous decision to cease re-investing in Funding Circle peer to peer loans and to withdraw funds as those loans were repaid. Approximately £1.3 million had been redeemed from Funding Circle to the end of August 2021. To date, these proceeds had been used to support the Council's cashflow.

Nazmin Miah and Dan Willson from Link Group attended the meeting (via Zoom) to present their report which included:

- (i) an analysis of the Council's Capital Financing Requirement (CFR), borrowing and reserves / balances;
- (ii) coverage of the Council's current debt and investment position, including reference to the £12million currently invested with the following externally managed funds:
 - CCLA Property Fund (£4 million)
 - Schroders Credit Fund (£3 million)
 - CCLA Diversified Income Fund (£2 million)
 - UBS Multi-Asset Income Fund (£3 million)
- (iii) a summary of the fund manager selection process which culminated in representatives of four shortlisted funds (Fidelity, Legal & General, Newton and Royal London) attending a presentation day;
- (iv) a comparative performance analysis of the funds referred to in (ii) and (iii) above, based on income generation, capital growth / contraction and a combination of both;
- (v) interest rate forecasts and projections of the Council's CFR and reserves / balances;
- (vi) the potential implications of International Financial Reporting Standard (IFRS) 9 on the Council's investments and useable reserves from 2023/24.

Regardless of the outcome of this current review, Dan Willson emphasised the need for the Council to maintain on-going vigilance about how its chosen funds were performing, to ensure they remained fit for purpose.

While accepting that the Sub-Committee was responsible for making final decisions, Members questioned the absence of recommendations regarding the optimum mix of funds for the Council to invest in. The Link representatives explained that their role was to support the Council with its decision making by presenting facts for Members to consider in light of the Authority's appetite for risk. They also advised that Environmental, Social and Governance (ESG) considerations had been addressed as part of the fund manager selection process, a key aspect of which was the extent to which fund managers engaged with companies about what they were doing to reduce or offset their impact on the environment.

In response to Members' questions, it was confirmed that the level of reserves identified within Link's report was based on the Council's Statement of Accounts for 2020/21, although those accounts were still subject to external audit sign off. The projected reduction in reserves in 2021/22 was attributed to the Council's housebuilding programme and associated calls on the Housing Revenue Account's capital programme. It also emerged that some of the Council's long term investments had been classified as short term within Link's analysis.

The Chair sought to establish certain fundamentals to help guide future decisions regarding the Council's investment portfolio. The Chief Finance Officer advised that, based on the information in Link's report, external investment of the £1.3 million Funding Circle proceeds was a viable option, but expressed caution should those funds remain inaccessible beyond 2022/23 due to the uncertainties surrounding IFRS 9. Retention of the £1.3 million for internal borrowing was a credible alternative.

RESOLVED – that a decision on possible adjustments to the Council's investment portfolio be deferred until the Sub-Committee's next meeting, to be informed by a remodelled report from Link Group identifying the Council's short, medium and long-term investment position and supporting commentary from the Chief Finance Officer.

Rising 11.50 am

SUMMARY INVESTMENT AND BORROWING POSITION

Investment Sub Committee – 5 November 2021

Report of: Anna D’Alessandro – Chief Finance Office (Section 151)
Purpose: For information
Publication status: Unrestricted
Wards affected: All

Executive summary:

This report updates the Sub Committee on the Council’s investment and borrowing position as at 30th September 2021.

This report supports the Council’s priority of: Building a better Council/
Supporting economic recovery in Tandridge.

Contact officer Anna D’Alessandro – Chief Finance Officer (Section 151)
Anna.DAlessandro@surreycc.gov.uk

Recommendation to Committee:

That the Council’s Investment and Borrowing position at 30th September 2021, as set out on Appendix ‘A’ & ‘B’, be noted.

Reason for recommendation:

This report will be reviewed by the Sub Committee, which provides an update on the Council’s investment and borrowing position.

1 Introduction and background

- 1.1 The Capital, Investment and Treasury Management Strategy 2021/22 was reported to the Strategy and Resources Committee on 2nd February 2021. This covered the borrowing and investment plans for the Council. As detailed in this strategy, part of the treasury management function is to ensure that the cashflow is adequately planned and surpluses are invested while allowing for cash to be available when needed. Additionally, the treasury management function ensures that the Council can meet its capital spending plans. This requires the management of longer term cash which will involve the use of long or short-term loans, or cash flow surpluses.

2. Summary Investment and Borrowing Position

- 2.1 A summary of the Council's investment and borrowing at 30th September 2021 is set out in Appendix A.
- Total long term financial investments (over 12 months) amount to £12.8 million.
 - Short term investments (less than 12 months) amount to £16.3 million.
 - The Council also has £21.6 million in non-financial investments which is made up of capital loans to specific service providers and limited companies.
 - The total amount of Public Works Loan Board (PWLB) loans at 30th September 2021 is £104.6 million. This is made up of £43.4 million General Fund loans and £61.2 million Housing Revenue Account loans.
- 2.2 Appendix A shows the investments as short term and long term. The categorisation of this differs from how they are represented in the Statement of Accounts. A review of the differences in categorisation will be done as part of the closing process for 2021/22.

3. Funding Circle/Fund Manager Selection

- 3.1 It was decided at 24th September 2021 Investment Sub Committee that a further report will be submitted in respect of the work done by our treasury advisers, Link Group, and therefore does not form part of this summary investment and borrowing position.

Key implications

4. Comments of the Chief Finance Officer

- 4.1 The current forecast is that the investment income will be c£42,000 more than budgeted. This is mainly due to a one-off receipt from Funding Circle in June for sale of non performing loans previously charged as bad debt against net earnings.
- 4.2 With all high yielding investments there are increased risks. The Council manages these risks by continued diversification of its investments.

5. Comments of the Head of Legal Services

- 5.1 The Council's Treasury Management Strategy Statement follows the latest codes of practice and the MHCLG and CIPFA guidance.
- 5.2 The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

6. Equality

- 6.1 The proposals within this report do not have the potential to disadvantage or discriminate against different groups with protected characteristics in the community.

7. Climate change

- 7.1 There are no significant environmental/sustainability implications associated with the report. It is however recognised that some Council investments may be in companies that are considered to have a detrimental impact on the climate, for example oil companies. The Climate Change Action Plan that is currently being draw up will have an action included to consider our current investment approach and determine if changes can or should be made.

Appendices

Appendix 'A' – Summary of Investments and Borrowing

Appendix 'B' – Market Value of Long Term Investments

Background papers

None

This page is intentionally left blank

Summary of Investments and Borrowing

Investment	Investment Amount 31/03/21 £	Net Asset Value 30/09/21 £	Yield Rate Note 1 %	Forecast Return 2021/22 £
<u>Non - Specified (Financial Investments)- Long Term (over 12 mths)</u>				
CCLA Property Fund	4,000,000	4,448,206	3.65	162,300
Schroders Bond Fund	3,000,000	2,915,856	4.38	127,600
UBS Multi Asset Fund	3,000,000	2,794,549	4.34	121,300
CCLA Diversification Fund	2,000,000	2,051,402	3.23	66,200
Funding Circle	863,160	637,686	11.20	84,900
Sub Total Non-specified (Financial Investments)	12,863,160	12,847,699		562,300
<u>Non - Specified (Non-Financial Investments)- Long Term (over 12 mths)</u>				
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	139,023
Freedom Leisure- Loan (TLP)	774,857	774,857	5.50	42,600
Freedom Leisure- Loan (de Stafford)	496,571	496,571	7.58	37,600
Gryllus Property Company Loan - 80-84 Station Rd East	1,012,500	1,012,500	5.81	54,979
Gryllus Property Company Loan - Castlefield	11,664,000	11,664,000	6.10	711,504
Gryllus Property Company Share Capital Note 2	5,251,500	5,251,500	-	-
Sub Total Non-specified (Non-Financial Investments)	21,593,429	21,593,429		985,706
Total Non-Specified Investments	34,456,589	34,441,128		1,548,006
<u>Specified Investments-Short Term (less than 12 mths)</u>				
Notice Accounts	4,000,000	4,042,002	0.17	7,000
Money Market Funds	3,250,000	12,285,000	0.02	2,700
Total Specified Investments	7,250,000	16,327,002		9,700
Total Non- Specified and Specified Investments	41,706,589	50,768,130		1,557,706
Total Investment Income Budget 2021/22				1,515,700
Over/(under) budget				42,006

Borrowing	Loan Amount	Interest	Forecast Cost
	£	%	2021/22
			£
General Fund Borrowing			
Gryllus Loan	3,420,000	2.46	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513
Village Health Club	938,678	2.38	22,341
Linden House	4,175,000	2.69	112,308
Linden House	254,000	2.42	6,147
Quadrant House	15,340,000	2.41	369,694
Quadrant House	800,000	2.28	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476
Sub Total General Fund Borrowing	43,426,078		1,136,366
Total GF PWLB Budget 2021/22			1,137,000
Over/(under) budget			(634)
HRA Borrowing			
Public Works Loan Board	61,189,000	2.70	1,632,209
Sub Total HRA Borrowing	61,189,000		1,632,209
Total HRA PWLB Budget 2021/22			1,662,500
Over/(under) budget			(30,291)
Total Borrowing	104,615,078		2,768,575
Total Budget 2021/22			2,799,500
Total Over/(under) budget			(30,925)

Notes:

1. Yield Rate - forecast annual return divided by net asset value. Funding Circle yield rate - forecast annual return divided by average opening & closing net asset value adjusted for estimated principal withdrawn Sept 21 to Mar 22
2. Gryllus share capital comprises of equity shares arising from loans granted - no dividend will be paid in the current year

Market Value of Long Term Investments at 30/09/2021

Appendix B

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Carrying Value	Carrying Value 31.3.2017	Carrying Value 31.3.2018	Carrying Value 31.3.2019	Carrying Value 31.03.2020	Carrying Value 31.03.2021	Carrying Value 30.09.2021
	£	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Schroders Bond Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UBS Multi Asset Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
CCLA Diversification Fund	n/a	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total	10,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21
Market Value	Market Value 31.3.2017	Market Value 31.3.2018	Market Value 31.3.2019	Market Value 31.03.2020	Market Value 31.03.2021	Market Value 30.09.2021
	£	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,276,005	4,188,063	4,158,183	4,448,206
Schroders Bond Fund	2,963,563	2,912,837	2,865,130	2,539,938	2,908,911	2,915,856
UBS Multi Asset Fund	3,018,705	2,918,160	2,868,479	2,520,713	2,777,398	2,794,549
CCLA Diversification Fund(indicative market value)	n/a	1,921,257	1,982,167	1,804,193	1,955,874	2,051,402
Total	10,065,254	12,029,108	11,991,781	11,052,907	11,800,366	12,210,013

	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21
Surplus/(Deficit)	Surplus/ (Deficit) 31.3.2017	Surplus/ (Deficit) 31.3.2018	Surplus/ (Deficit) 31.3.2019	Surplus/ (Deficit) 31.03.2020	Surplus/ (Deficit) 31.03.2021	Surplus/ (Deficit) 30.09.2021
	£	£	£	£		
CCLA Property Fund	82,986	276,854	276,005	188,063	158,183	448,206
Schroders Bond Fund	(36,437)	(87,163)	(134,870)	(460,062)	(91,089)	(84,144)
UBS Multi Asset Fund	18,705	(81,840)	(131,521)	(479,287)	(222,602)	(205,451)
CCLA Diversification Fund	n/a	(78,743)	(17,833)	(195,807)	(44,126)	51,402
Total	65,254	29,108	(8,219)	(947,093)	(199,634)	210,013

Gross Revenue Yield	Yield 2016/17	Yield 2016/17	Yield 2017/18	Yield 2017/18	Yield 2018/19	Yield 2018/19	Yield 2019/20	Yield 2019/20	Yield 2020/21	Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%
Total	392,375		508,691		488,040		513,473		507,679	

Surplus/(Deficit)- Capital Value	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2020/21	Surplus/ (Deficit) 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%
Total	(39,803)		(36,146)		(37,327)		(938,874)		747,460	

Net Yield	Net Yield 2016/17	Net Yield 2016/17	Net Yield 2017/18	Net Yield 2017/18	Net Yield 2018/19	Net Yield 2018/19	Net Yield 2019/20	Net Yield 2019/20	Net Yield 2020/21	Net Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%
Total	352,572		472,545		450,713		(425,401)		1,255,139	

Peer to Peer Investment	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
Funding Circle	£	%	£	%	£	%	£	%	£	%
Carrying Value	2,003,355		2,075,341		2,056,664		1,831,028		863,160	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		127,982	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(12,462)	
Promotions/Transfer payment							470		0	
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(80,881)	
Recoveries	8,219		14,780		27,428		30,253		42,431	
Net Yield	112,827	5.63%	114,838	5.53%	81,201	3.95%	76,634	4.19%	77,070	8.93%*
Provisions for future losses	0		0		(10,000)					

*Funding Circle Net yield - this has been calculated against the current value, however principal has been withdrawn throughout the year. If calculated against the average of the opening and closing value then the net yield there was a large recovery received in June 2021 (£38,494) which has inflated this yield.

Gryllus Holdings and Gryllus Property Final Accounts 2020/21

Investment Sub Committee Friday, 5 November 2021

Report of: Chief Finance Officer (Section 151)

Purpose: information

Publication status: Open

Wards affected: All

Executive summary:

The report details the performance of the Council's wholly owned subsidiary Gryllus Property Ltd and the annual financial statements

This report supports the Council's priority of: Supporting economic recovery in Tandridge

Contact officer Martin Field Finance Specialist
mfield@tandridge.gov.uk

Recommendation to Committee:

It is recommended that the Sub-Committee notes the:

- A. annual financial statements (Appendices A and B)
 - B. annual audit report (Appendix C)
 - C. management accounts (Appendix D)
-

Reason for recommendation:

The accounts and audit findings are presented for the Sub-Committee's information. While no decisions need to be made concerning the accounts, the information contained within this report is intended to assist Members in assessing the companies' performance during 2020/21.

Introduction and background

1. In June 2017 the council created two wholly owned subsidiary companies, Gryllus Holdings Limited and Gryllus Property Limited.
2. Gryllus Housing was created in April 2019 and is wholly owned by the Council.
3. The subsidiary accounts were required to be consolidated in the Council's statement of accounts and to comply with Companies Act.
4. The Companies Act requires the production of financial statements and Directors' report. These documents must be filed with Companies House no later than 9 months after the financial year end.

Financial Statements

5. The Financial statements have been prepared in line with the International Financial Reporting Statements (IFRS). The Financial statements have been consolidated into the council's financial statements and presented as group accounts. The financial statements cover the period 1st April 2020 to 31st March 2021. The company's financial year was shortened in order to align with the council's financial year.
6. The results for both subsidiaries are detailed below

Gryllus Holdings

7. Gryllus Holdings has been dormant in the reporting period.
8. The company's auditors (Kreston Reeves LLP) issued an unqualified audit opinion

Gryllus Housing

9. Gryllus Housing has been dormant in the reporting period.
10. Due to there being no activity the accounts presented are unaudited.

Gryllus Property

11. Gryllus Property has recorded an accounting loss of £1,792,530. This is due to revaluation losses of the companies properties and is inline with expectations due to the first revaluation of Castlefield as in year of acquisition this is valued at cost, including purchase costs such as Stamp Duty. When excluded the company made an operation post tax profit of £72,373

12. The company's auditors (Kreston Reeves LLP) issued an unqualified audit opinion

Key implications

Comments of the Chief Finance Officer

The Company accounts show an accounting loss of £1,792k. This is due to revaluation losses on investment property. There is a lot of uncertainty in the market at the moment and obtaining accurate valuations with certainty is difficult. It is worth pointing out that property is a long-term investment and initial losses are expected due to the transaction costs associated with property investments initially capitalised. Over time, it is expected that most of the portfolio will return into positive territory.

Excluding the revaluation loss, the company made an operating profit of 72k (Appendix C) and made payments of £905k to the Council for interest.

Comments of the Head of Legal Services

The Financial statement will be filed with Companies house prior to the deadline of 31st December 2021 and meet the legal requirements of the Companies Act 2006.

Equality

There are no Equality impacts as a result of this report

Climate change

There are no significant environmental / sustainability implications associated with this report

Appendices

Appendix 'A' - Gryllus Holdings and Gryllus Housing Statement of Accounts 20/21

Appendix 'B' - Gryllus Property Statement of Accounts 20/21

Appendix 'C' - External Auditors Report

Appendix 'D' - Gryllus Property Management Account by Property

Background papers

None

----- end of report -----

This page is intentionally left blank

Registered number
10834919

GRYLLUS HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

GRYLLUS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

A Boote
G Miles (resigned 31 July 2020)
S Jones (appointed 18 August 2020,
resigned 12 October 2021)

Auditor

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

Registered office

C/O Tandridge District Council
Council Offices
Station Road East
Oxted
RH8 0BT

Registered number

10834919

GRYLLUS HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditor's report	2 to 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 to 11

GRYLLUS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and audited financial statements for the year ended 31 March 2021.

Principal activities

The company's principal activity during the year was that of a holding company.

Directors

The directors who served during the year were as follows:

A Boote

G Miles (resigned 31 July 2020)

S Jones (appointed 18 August 2020, resigned 12 October 2021)

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

A Boote
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

GRYLLUS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Gryllus Holdings Limited (the "company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

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 GRYLLUS 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 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

GRYLLUS 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 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 investments. 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.

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

GRYLLUS 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:

GRYLLUS HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

The Company has not traded during the year or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

GRYLLUS HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

COMPANY REGISTRATION NUMBER: 10834919

	Notes	31 March 2021 £	31 March 2020 £
ASSETS			
Non-current assets			
Investments	4	5,251,601	5,251,601
TOTAL ASSETS		<u>5,251,601</u>	<u>5,251,601</u>
LIABILITIES			
Current liabilities	5	<u>100</u>	<u>100</u>
TOTAL LIABILITIES		100	100
SHAREHOLDERS' EQUITY			
Share capital	6	5,251,501	5,251,501
TOTAL EQUITY AND LIABILITIES		<u>5,251,601</u>	<u>5,251,601</u>

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

A Boote
Director

GRYLLUS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	<u>Equity attributable to equity holders of the company</u>		
	Issued share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2020	5,251,501	-	5,251,501
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 March 2021	5,251,501	-	5,251,501

	<u>Equity attributable to equity holders of the company</u>		
	Issued share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2019	1,026,001	-	1,026,001
Profit for the year	-	-	-
Total comprehensive income for the period	-	-	-
Shares issued in the year	4,225,500	-	4,225,500
At 31 March 2020	5,251,501	-	5,251,501

GRYLLUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 General information

Gryllus Holdings Limited is a private company 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:

C/O Tandridge District Council
Council Offices
Station Road East
Oxted
RH8 0BT

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
- Amendments to References to the Conceptual Framework (Various Standards)
- Interest rate benchmark reform (IFRS9, IAS39, IFRS7)

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 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
- Property, Plant and Equipment (Amendments to IAS16); effective 1 January 2022.

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

3 Significant accounting policies

Statement of compliance and basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 £.

GRYLLUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

3 Significant accounting policies - continued

The following principal accounting policies have been applied:

Presentation of financial statements in accordance with IAS 1

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

Cash flow statement

The company did not hold any cash at the beginning, nor at the end, of the current or the preceding financial year. There were no cash movements during the current or the preceding financial year. Accordingly, the directors do not present a Cash flow statement within these financial statements.

Non current investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Consolidation

The company and its subsidiaries are included within the consolidated financial statements of Tandridge District Council which have been prepared under international accounting standards in conformity with the requirements of the Companies Act 2006. The company has therefore taken advantage of the exemption provided by paragraph 4 of International Financial Reporting Standard (IFRS) 10 not to prepare group financial statements.

Trade and other payables

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

Going concern

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

4 Investments

	Investments in subsidiary undertakings £
Cost	
At beginning of year	5,251,601
At end of year	<u>5,251,601</u>

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Gryllus Property Limited	Ordinary	100%	Property investment
Gryllus Housing Limited	Ordinary	100%	Dormant

GRYLLUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

5	Current liabilities		31 March	31 March
			2021	2020
			£	£
	Trade and other payables		100	100
			<u>100</u>	<u>100</u>
6	Share capital	31 March	31 March	31 March
		2021	2021	2020
		Number	£	Number
	Allotted, called up and fully paid:			
	Ordinary shares of £1 each	5,251,501	5,251,501	5,251,501
		<u>5,251,501</u>	<u>5,251,501</u>	<u>5,251,501</u>

7 Reserves

Share capital

Represents the nominal value of shares that have been issued.

8 Ultimate controlling party

The ultimate controlling party is Tandridge District Council.

The most senior entity producing publicly available financial statements is Tandridge District Council. These financial statements are available online at <https://www.tandridge.gov.uk/Your-council/Freedom-of-information-and-data/Financial-information/Financial-statements>.

Registered number: 11941178

Gryllus Housing Limited

Unaudited

Directors' report and financial statements

For the year ended 31 March 2021

Gryllus Housing Limited

Company Information

Directors

A Boote
J Godden Miller (resigned 4 June 2020)
S Jones (appointed 18 August 2020, resigned 12 October 2021)

Company secretary

L Harrison

Registered number

11941178

Registered office

The Council Offices
Station Road East
Oxted
Surrey
RH8 0BT

Gryllus Housing Limited

Contents

	Page
Directors' report	1
Profit and loss account	2
Balance sheet	3
Notes to the financial statements	4

Gryllus Housing Limited

Directors' report For the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The Company was dormant throughout the year.

Directors

The directors who served during the year were:

A Boote

J Godden Miller (resigned 4 June 2020)

S Jones (appointed 18 August 2020, resigned 12 October 2021)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
A Boote
Director

Date:

Gryllus Housing Limited

**Profit and loss account
For the year ended 31 March 2021**

The Company has not traded during the year or the preceding financial period. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

Gryllus Housing Limited
Registered number: 11941178

Balance sheet
As at 31 March 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	3	100	100
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital		<u>100</u>	<u>100</u>
		<u>100</u>	<u>100</u>

For the year ended 31 March 2021 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

Members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

.....
A Boote
Director

Date:

The notes on page 4 form part of these financial statements.

Gryllus Housing Limited

Notes to the financial statements For the year ended 31 March 2021

1. General information

The Company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
The Council Offices
Station Road East
Oxted
Surrey
RH8 0BT

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

3. Debtors

	2021 £	2020 £
Other debtors	100	100

4. Controlling party

The Company's immediate parent is Gryllus Holdings Limited, incorporated in England and Wales, the parent company which owns 100% of the issued share capital.

The ultimate controlling party is Tandridge District Council, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Tandridge District Council, these financial statements are available upon request from The Council Offices, Station Road East, Oxted, Surrey, RH8 0BT.

This page is intentionally left blank

Registered number
10835560

GRYLLUS PROPERTY LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

GRYLLUS PROPERTY LIMITED

COMPANY INFORMATION

Directors

A Boote
G Miles (resigned 31 July 2020)
S Jones (appointed 18 August 2020,
resigned 12 October 2021)

Auditor

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

Registered office

C/O Tandridge District Council
Council Offices
Station Road East
Oxted
RH8 0BT

Registered number

10835560

GRYLLUS PROPERTY LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditor's report	2 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 19

GRYLLUS PROPERTY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and audited financial statements for the year ended 31 March 2021.

Principal activities

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

Directors

The directors who served during the year were as follows:

A Boote

G Miles (resigned 31 July 2020)

S Jones (appointed 18 August 2020, resigned 12 October 2021)

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

A Boote
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

GRYLLUS PROPERTY LIMITED

Opinion

We have audited the financial statements of Gryllus Property Limited (the "company") for the year ended 31 March 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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

GRYLLUS PROPERTY 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 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

GRYLLUS PROPERTY 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 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

GRYLLUS PROPERTY 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:

GRYLLUS PROPERTY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue		1,119,382	532,383
Administrative expenses		(124,530)	(76,423)
Fair value movement on investment property		(1,864,900)	(95,600)
Operating (loss)/ profit	6	<u>(870,048)</u>	<u>360,360</u>
Finance costs	7	(905,506)	(415,170)
Loss before taxation		<u>(1,775,554)</u>	<u>(54,810)</u>
Tax expense	8	(16,976)	(11,030)
Loss for the year		<u><u>(1,792,530)</u></u>	<u><u>(65,840)</u></u>
Total comprehensive income for the year attributable to shareholders		<u><u>(1,792,530)</u></u>	<u><u>(65,840)</u></u>

The company has no other comprehensive income other than the loss for the above financial periods.

The above results were derived from continuing operations.

GRYLLUS PROPERTY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021****COMPANY REGISTRATION NUMBER: 10835560**

	Notes	2021		2020	
		£	£	£	£
ASSETS					
Non-current assets					
Investment property	9		18,354,800		20,219,700
Current assets					
Trade and other receivables	10		3,481		496,878
Cash and cash equivalents	11		1,333,031		319,789
			1,336,512		816,667
TOTAL ASSETS			19,691,312		21,036,367
LIABILITIES					
Current liabilities					
Trade and other payables	12		1,216,360		762,606
Current tax liabilities	12		100,558		106,837
			1,316,918		869,443
Non-current liabilities					
Borrowings	13		15,070,500		15,070,500
TOTAL LIABILITIES			16,387,418		15,939,943
SHAREHOLDERS' EQUITY					
Share capital	15		5,251,501		5,251,501
Retained earnings	16		(1,947,607)		(155,077)
TOTAL EQUITY AND LIABILITIES			19,691,312		21,036,367

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

A Boote
Director

GRYLLUS PROPERTY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

Equity attributable to equity holders of the company

	Issued share capital £	Retained earnings £	Total equity £
At 1 April 2020	5,251,501	(155,077)	5,096,424
Loss for the year	<u>-</u>	<u>(1,792,530)</u>	<u>(1,792,530)</u>
Total comprehensive income for the year	-	(1,792,530)	(1,792,530)
At 31 March 2021	<u>5,251,501</u>	<u>(1,947,607)</u>	<u>3,303,894</u>

Equity attributable to equity holders of the company

	Issued share capital £	Retained earnings £	Total equity £
At 1 April 2019	1,026,001	(89,237)	936,764
Loss for the year	<u>-</u>	<u>(65,840)</u>	<u>(65,840)</u>
Total comprehensive income for the year	-	(65,840)	(65,840)
Shares issued in year	<u>4,225,500</u>	<u>-</u>	<u>4,225,500</u>
At 31 March 2020	<u>5,251,501</u>	<u>(155,077)</u>	<u>5,096,424</u>

GRYLLUS PROPERTY LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(1,792,530)	(65,840)
Adjustments to cash flows from non-cash items:			
Finance costs		905,506	415,170
Tax expense		16,976	11,030
Fair value movement on investment property		1,864,900	95,600
Operating cash flows before movements in working capital		994,852	455,960
Working capital adjustments:			
(Decrease)/increase in payables		(463,977)	614,941
Increase in receivables		493,397	(360,882)
Cash generated by operations		1,024,272	710,019
Income taxes paid		(11,030)	(10,569)
Net cash from operating activities		1,013,242	699,450
Investing activities			
Purchase of investment property		-	(16,966,200)
Net cash used in investing activities		-	(16,966,200)
Financing activities			
Proceeds from borrowings		-	12,676,500
Issue of shares		-	4,225,500
Interest paid		-	(415,170)
Net cash generated by financing activities		-	16,486,830
Net increase in cash and cash equivalents		1,013,242	220,080
Cash and cash equivalents at beginning of year		319,789	99,709
Cash and cash equivalents at end of year	11	1,333,031	319,789

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 General information

Gryllus Property Limited is a private company 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:
C/O Tandridge District Council
Council Offices
Station Road East
Oxted
RH8 0BT

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
- Amendments to References to the Conceptual Framework (Various Standards)
- Interest rate benchmark reform (IFRS9, IAS39, IFRS7)

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 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
- Property, Plant and Equipment (Amendments to IAS16); effective 1 January 2022.

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

3 Significant accounting policies

Statement of compliance and basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

The following principal accounting policies have been applied:

Presentation of financial statements in accordance with IAS 1

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

Revenue

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

Investment properties

Investment properties, which are properties held to earn rentals and/or capital appreciation, are 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 properties are included in profit or loss for the year in which they arise. The acquisition of investment properties is recognised in the financial statements from the date of completion.

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.

Leasing

The company as lessor

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

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 period. 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.

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.

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 market value of the investment property.

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:

	2021	2020
	£	£
Classes of financial assets - carrying amounts		
Cash and receivables		
Cash and cash equivalents	1,333,031	319,789
Trade and other receivables	3,481	496,878
	<u>1,336,512</u>	<u>816,667</u>

The maximum exposure to credit risk in relation to trade and other receivables is equivalent to the period 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 10. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

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 March 2021, the company's liabilities have maturities which are summarised below:

	31 March 2021			
	Within 6 months	6 to 12 months	2 to 5 years	Later than 5 years
	£	£	£	£
Trade and other payables	1,216,360	-	-	-
Other taxes and social security costs	83,582	16,976	-	-
Borrowings	-	-	-	15,070,500
	<u>1,299,942</u>	<u>16,976</u>	<u>-</u>	<u>15,070,500</u>

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

4 Financial risk management - continued

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

	31 March 2020			
	Within 6 months	6 to 12 months	2 to 5 years	Later than 5 years
	£	£	£	£
Trade and other payables	762,606	-	-	-
Other taxes and social security costs	95,807	11,030	-	-
Borrowings	-	-	-	15,070,500
	<u>858,413</u>	<u>11,030</u>	<u>-</u>	<u>15,070,500</u>

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:

	2021	2020
	£	£
Share capital	5,251,501	5,251,501
Retained earnings	(1,947,607)	(155,077)
Borrowings	15,070,500	15,070,500
	<u>18,374,394</u>	<u>20,166,924</u>

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

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 £18,354,800 at the year end (see note 9). In order to determine the fair value of investment properties at the year end, the company 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 in arriving at their valuations amounting to £18,354,800.

As the future impact of Covid-19 is unknown, the valuations provided by the independent valuer have been reported on the basis of '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.

6 Operating (loss)/profit

	2021	2020
	£	£
This is stated after charging:		
Auditor's remuneration - audit work	6,500	6,450
Auditor's remuneration - other services	3,000	2,800
	<u>9,500</u>	<u>9,250</u>

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

7 Finance costs

	2021	2020
	£	£
Loan interest	<u>905,506</u>	<u>415,170</u>

8 Taxation

Analysis of charge in year	2021	2020
	£	£
Current tax on losses for the year	16,976	11,030
Under provision in respect of prior year	<u>-</u>	<u>-</u>
Total current tax (see below)	<u>16,976</u>	<u>11,030</u>

Factors affecting tax charge for year

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

	2021	2020
	£	£
Loss before tax on continuing operations	<u>(1,775,554)</u>	<u>(54,810)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(337,355)	(10,414)
Effects of:		
Fair value movement not taxable	354,331	18,165
Expenses not deductible for tax	<u>-</u>	<u>3,279</u>
Total current tax	<u>16,976</u>	<u>11,031</u>

Deferred tax

Under IAS 12 deferred tax provisions are made for the tax that would potentially be payable on the realisation of investment properties at book value. At the balance sheet date no deferred tax provision is required.

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9 Investment property

	Freehold and long leasehold property
	£
Fair value	
At 1 April 2020	20,219,700
Revaluation	<u>(1,864,900)</u>
At 31 March 2021	<u>18,354,800</u>
Fair value	
At 31 March 2021	<u>18,354,800</u>
At 31 March 2020	<u>20,219,700</u>

Investment properties with a fair value of £18,354,800 were held as security against borrowings.

The company's investment properties are classed as level 2, as defined by International Financial Reporting Standard 13 Fair Value Measurement, in the fair value hierarchy as at 31 March 2021. 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 properties as at 31 March 2021 was determined by an independent 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 properties was undertaken by Wilks Head & Eve LLP.

The property income earned by the company from its investment properties, which are leased to tenants under non-cancellable operating leases, amounted to £1,119,382 for the year.

The historical cost of the investment properties is £20,427,276.

10 Trade and other receivables

	2021	2020
	£	£
Prepayments and accrued income	3,481	3,481
Other receivables	<u>-</u>	<u>493,397</u>
	<u>3,481</u>	<u>496,878</u>

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

11 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	<u>1,333,031</u>	<u>319,789</u>

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12 Current liabilities

	2021	2020
	£	£
Trade and other payables	109,290	50,518
Accruals and deferred income	1,107,070	712,088
Corporation tax	16,976	11,030
Other taxes and social security costs	83,582	95,807
	<u>1,316,918</u>	<u>869,443</u>

The fair value of the trade and other payables classified as financial instruments is 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.

13 Non-current liabilities

	2021	2020
	£	£
Borrowings	<u>15,070,500</u>	<u>15,070,500</u>

14 Borrowings

	2021	2020
	£	£
Secured borrowings		
Loan from ultimate controlling party	<u>15,070,500</u>	<u>15,070,500</u>
Amount due for settlement within 12 months	<u>-</u>	<u>-</u>
Amount due for settlement after 12 months	<u>15,070,500</u>	<u>15,070,500</u>

During the year, Tandridge District Council continued to provide three loans to the company.

The first loan, totalling £2,394,000, comprises junior and senior facility elements. The interest rates are at margins of between 2.06% and 7.5% over that charged by the Public Works Loan Board. The final repayment date is 15 September 2042.

The second loan totals £11,664,000. Interest is charged on this loan at 3.19% over that charged by the Public Works Loan Board. The final repayment date is 8 December 2069.

The third loan totals £1,012,500. Interest is charged on this loan at 3.15% over that charged by the Public Works Loan Board. The final repayment date is 28 May 2069.

All loans from Tandridge District Council are denominated in sterling and are secured on the freehold and long leasehold investment properties held by the company.

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

15 Share capital

	2021 Number	2021 £	2020 Number	2020 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>5,251,501</u>	<u>5,251,501</u>	<u>5,251,501</u>	<u>5,251,501</u>

No new shares were issued throughout the year.

16 Reserves

Share capital
Represents the nominal value of shares that have been issued.

Retained earnings
Represents accumulated realised and unrealised losses.

17 Related party transactions

Tandridge District Council (ultimate controlling party)

During the year, Tandridge District Council ("TDC") continued to provide three loans to the company. At the year end, the total loan balance outstanding is £15,070,500 (2020: £15,070,500). Interest charged on the loans in the year totalled £905,506 (2020: £415,170). At the year end, £905,506 (2020: £415,710) of unpaid interest is included in accruals.

TDC recharged its officer time spent dealing with company management and administration which amounted to £59,971 (2020: £41,334) during the year. At the year end, the amount due to TDC is £109,288 (2020: £49,317) which is held in trade payables.

Key management personnel

The key management personnel of the company are considered to be the directors. The directors received £nil (2020: £nil) remuneration and £nil (2020: £nil) retirement benefits during the year.

18 Financial instruments

Categories of financial instruments

The company held the following financial assets:

	2021 £	2020 £
Financial assets at amortised cost:		
Trade and other receivables	-	493,397
Cash and cash equivalents	<u>1,333,031</u>	<u>319,789</u>
	<u>1,333,031</u>	<u>813,186</u>

The company held the following financial liabilities:

	2021 £	2020 £
Financial liabilities at amortised cost:		
Trade and other payables	1,216,360	762,606
Borrowings	<u>15,070,500</u>	<u>15,070,500</u>
	<u>16,286,860</u>	<u>15,833,106</u>

GRYLLUS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

19 Operating leases as lessor

The company leases out investment properties under operating leases (note 9).

Property rental income earned during the year was £1,119,382 (2020 - £532,383). 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:

	2021	2020
	£	£
Within one year	1,110,825	1,110,825
One to two years	995,825	1,110,825
Two to three years	863,617	995,825
Three to four years	851,325	863,617
Four to five years	851,325	851,325
In over five years	<u>2,415,364</u>	<u>3,266,690</u>
	<u><u>7,088,281</u></u>	<u><u>8,199,107</u></u>

20 Parent company and ultimate controlling party

The company's parent company is Gryllus Holdings Limited which owns 100% of the company's share capital. The ultimate controlling party is Tandridge District Council.



Gryllus Property Limited & Gryllus Holdings Limited Key Audit Findings

For the year ended

31 March 2021


Knowing all your business,
tax and wealth needs






Our values



Our values define who we are and how we do things at Kreston Reeves. They reflect our attitudes and behaviours and represent a promise of quality, personal service and commitment to our clients, communities and colleagues.

Collectively and individually we aim to:



 <h3>Understand</h3> <p>Understand a client's broad context Appreciate their particular situation and priorities Listen; ask; be curious</p>	 <h3>Look ahead</h3> <p>Anticipate a client's future needs Embrace change and think innovatively Help people and organisations adapt to new opportunities</p>	
 <h3>Make it personal</h3> <p>Tailor our solutions and approach to a client's needs Work and communicate in the way you prefer</p>	 <h3>Be crystal clear</h3> <p>Communicate clearly, with the right language Always keep our clients 'in the loop' Think clearly and act decisively</p>	 <h3>Be human</h3> <p>Understand our clients as people, including their concerns, priorities and emotions Be friendly and approachable Make a positive impact in helping our clients succeed</p>

**Key Audit Findings
For the year ended 31 March 2021**

Index

1. Introduction and audit summary
2. Audit report
3. Key audit matters
4. Taxation
5. Misstatements encountered during the audit
6. The accounting and internal control systems
7. Qualitative aspects of the company's accounting practices and financial reporting

Appendices

- Appendix I - Other matters required by International Standards on Auditing to be communicated to you
- Appendix II - Summary of adjusted misstatements
- Appendix III - Summary of recommendations regarding the accounting and internal control system

**Key Audit Findings
For the year ended 31 March 2021**

1. Introduction and audit summary

The purpose of this report is to bring to your attention our findings from the recent audit carried out on Gryllus Property Limited and Gryllus Holdings Limited. We appreciate that you will already be aware of the majority of the matters contained in this report through earlier discussions you will have had with the audit team, but we hope that you will find this report a useful summary of those discussions.

We would like to take this opportunity to thank Martin Field and the rest of your accounts team for the assistance they have provided to us during the course of our audit.

Our audit has given us a unique opportunity to understand your business and processes. We have used this opportunity to provide you a service that is of real positive benefit to you.

During the course of our audit work this year we have performed the following tasks which we hope that you will have found to have been of benefit.

- We have assisted you with the preparation of the company's financial statements, ensuring that they comply with all statutory requirements and with accounting standards. In doing so we have ensured that the company has taken advantage of any accounting exemptions available to it so as to avoid any unnecessary over-disclosure of the company's affairs that are not required to be published in publicly available financial statements.
- In order to be able to assist you with the preparation of the company's financial statements we have highlighted to you misstatements in the accounting records discovered by our audit work, and worked with you to ensure that where material these have been corrected. Further information related to misstatements discovered during our audit are set out in Section 5 of this report and supporting Appendix II.
- As part of our audit we have reviewed the financial reporting framework under which the company prepares its financial statements. As part of this review we have ensured that the company is complying with international accounting standards in conformity with the requirements of the Companies Act 2006.
- With the assistance of our specialist tax department we have calculated the company's corporation tax liability for the year. In doing so we have ensured that all relevant reliefs have been taken advantage of in order to minimise the company's liability. Following approval of the financial statements and the completion of our audit our tax team will produce your tax return and work with you to ensure that the company's filing obligations are met. This will include ensuring that the company's financial statements comply with electronic tax filing requirements. For further details see Section 4 of this report.
- We have reviewed the company's systems of accounting and internal control systems and made recommendations where these can be improved. These are detailed at Section 6 of this report.

Gryllus Property Ltd & Gryllus Holdings Ltd



**Key Audit Findings
For the year ended 31 March 2021**

Should you have any questions regarding any of the issues raised in this report please contact Graham Hunt as the partner responsible for the audit of your company, or any other member of the audit team, who will be happy to provide further explanations as required.

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

October 2021

**Key Audit Findings
For the year ended 31 March 2021**

2. Audit report

We can confirm that our audit has not revealed any matters which will require modifications to our audit report. Thus at this stage we expect that an unqualified audit opinion will be issued.

The audit report for Gryllus Property Limited does, however, contain an emphasis of matter paragraph which draws readers' attention to the fact that the valuation of the investment properties in the 2020 accounts was reported on the basis of 'material valuation uncertainty'.

Audit report format

We would like to advise you that this year, our audit report will be required to reflect recent changes to International Standards on Auditing that have come into force.

Going concern

Our reporting on the use of the going concern basis of accounting will reflect the enhanced procedures which we are now required to perform on every audit, regardless of whether the entity is in financial difficulty. As your auditor, we must carry out a process of independent testing and examination on the entity's assessment of its prospects and form our conclusion based on sufficient and appropriate audit evidence.

We previously reported by exception as to whether the directors' use of the going concern basis of accounting was appropriate and whether appropriate disclosures were made. Now, our report will include a conclusion that we have not identified, either individually or collectively, any events or conditions that result in a material uncertainty that may cast doubt over the entity's ability to continue as a going concern and that the directors' use of the going concern basis of accounting is appropriate.

In effect, our report will provide positive confirmation that we agree with the use of the going concern basis of accounting in the preparation of the financial statements.

Irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. As part of our audit, we design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud.

Our audit report must now explain to what extent our audit was considered capable of detecting these irregularities, notwithstanding our past experience of the honesty and integrity of the entity's management and of those charged with governance. Whilst this was previously only a reporting requirement for public interest entities, this has now been extended to all audit reports.

Key Audit Findings
For the year ended 31 March 2021

3. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of greatest significance in our audit of the financial statements. These include the significant risks of potential material misstatement that we identified during our planning of the audit and had the greatest impact on our overall audit strategy, which we advised you of in the Audit Plan issued to you prior to the commencement of our work.

We can now report to you how our audit addressed these areas of significant risk and the conclusions we formed.

Audit Risk	Audit response
Revenue Recognition	<p>The rental income was proven in total as part of our audit work. There was an immaterial difference here of £8,048 which was just 0.72% of the total rental income.</p> <p>Copies of new lease agreements have been obtained and reviewed, and it was confirmed that there have been no further rent reviews in the period.</p>
Property Valuation	<p>The valuation of the properties was assessed as part of our audit work. The independent surveyor was agreed to the RICS website to ensure they were an appropriately qualified chartered surveyor. We confirmed that the valuation was carried out in accordance with IFRS 13, therefore the property valuation was deemed to be sufficient and reliable.</p>
Management Override	<p>Journals were reviewed against expectations. There were no unexpected journals identified and no identification of management override in the audit work.</p>

**Key Audit Findings
For the year ended 31 March 2021**

4. Taxation

As part of our audit we have assisted you in calculating the current and deferred tax provisions for inclusion in the financial statements. In order to ensure that our independence and objectivity as the company's auditor is not impaired this work has been undertaken with the assistance of our specialist corporation tax department.

The provisions has been made based upon the information provided to us during the course of our audit. Following the approval of the financial statements we will provide you with the company's corporation tax return for your approval and confirm the details of the company's corporation tax liability for the year.

5. Misstatements encountered during the audit

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit.

A full summary of adjustments made to the company's results during the course of the audit, including a reconciliation between your management information and the financial statements, can be found within Appendix II.

You should review these adjustments in order to satisfy yourselves that they have been properly made. Confirmation that you have done so should be communicated to us within the letter of representation.

6. The accounting and internal control systems

We can confirm that we have found the company's accounting and internal control systems to be appropriate to the company's needs based upon the nature and complexity of your activities and the need for any systems to be cost effective. No matters have come to our attention during our audit to suggest that any serious error has arisen with these systems during the accounting period under review. Thus we believe that the systems can be relied upon to produce financial statements that show a true and fair view.

There are however a number of suggestions that we have made regarding the accounting and internal control systems, and these are set out in Appendix III.

Please note that the purpose of the audit was to enable us to express an opinion on the financial statements. Our audit did include consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in such circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. The matters being reported to you are limited to those deficiencies that we have identified during our audit, which was conducted on a test basis, and that we have concluded are of sufficient importance to merit being reported to you, but this does not represent a comprehensive statement of all weaknesses which may exist in the accounting and internal control systems or of all improvements which may be made. We can only address those matters which have come to our attention as a result of the audit procedures which we have performed.

**Key Audit Findings
For the year ended 31 March 2021**

7. Qualitative aspects of the company's accounting practices and financial reporting

As part of our audit we have considered and reviewed the company's accounting policies in line with international accounting standards and in conformity with the requirements of the Companies Act 2006 and we have not encountered any material departures. In our opinion the accounting policies selected are appropriate to the circumstances of the company.

**Key Audit Findings
For the year ended 31 March 2021**

Appendix I – Other matters required by International Standards on Auditing to be communicated to you

Audit report – further information

Our audit report contains details of the scope of the audit of the financial statements conducted in accordance with legislative requirements and International Standards on Auditing. Further information on the scope of the audit is set out on the website of the Financial Reporting Council and can be found using the following link:

<https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>

The original audit report will be signed by Graham Hunt, being the Senior Statutory Auditor for this assignment, for and on behalf of Kreston Reeves LLP. The financial statements incorporating the original audit report should be retained with the company's other permanent documents. Copies of the financial statements that require a signed audit report, including for filing with Companies House, will be signed as Kreston Reeves LLP as the statutory auditor.

Our audit report has been drafted in accordance with International Standards on Auditing and the latest guidance from the Financial Reporting Council and our Institute. This involves the inclusion of a paragraph which clarifies what our responsibilities as auditors are. It does not affect our responsibilities to the company or yourselves, nor does it mean we would be unwilling to accept responsibility to any third parties, providing that our specific agreement to do so is obtained beforehand.

Independence

We can confirm that we have re-evaluated our firm's independence in connection with the audit and can confirm that we are not aware of any factors affecting our independence or objectivity and thus our ability to continue to act as auditor of the company.

Letter of representation

Before we can complete our audit, we require from you a letter of representation on your headed notepaper. A draft version of such a letter accompanies this Memorandum. The letter will provide us with additional evidence in areas where we have relied upon representations from staff members during the audit. We suggest that this letter is signed by a representative member of the Board of Directors and that you make your own enquiries of staff to verify that you support the representations that have been made.

Liability

This report has been drafted solely to report to you as directors matters in relation to our audit. It has not been drafted with any third parties in mind and thus must not be disclosed to a third party, or quoted or referred to, without our written consent. We do not accept responsibility to any third party in respect of our audit or this report.

Key Audit Findings
For the year ended 31 March 2021

Appendix II - Summary of adjusted misstatements

No	Narrative	Nominal	Dr	Cr	Effect on P/(L)
				Draft loss	(1,569,971)
1	External Investment Short Term	92138		1,026,001	
	Share Capital Issue	97001	1,026,001		
	Debtors - prepayments	2103	995		
	General Fund Budget Reserve	92605		995	
	Opening balance adjustment to agree to signed accounts				
2	Manual Sundry Creditors	92801	905,506		
	Accruals	92809		905,506	
	Reclassifying loan interest from other payables to accruals.				
3	Rental Income	9510	205,583		(205,583)
	Manual Sundry Debtors	92701		205,583	
	Reclassifying year end debtor to rental income received.				
4	Corporation tax (P&L)	9801	16,976		(16,976)
	Corporation tax payable	3201		16,976	
	Corporation tax charge				
					Revised loss (1,792,530)

**Key Audit Findings
For the year ended 31 March 2021**

Appendix III – Summary of recommendations regarding the accounting and internal control system

Recommendation brought forward from prior year audit

Filing at Companies House

Where share capital has been issued in the year, it has come to our attention that the relevant statutory forms have not been kept up to date. This means that there is currently no record of the changes in share capital at Companies House.

We recommend that this be resolved as soon as possible, and in the future you should ensure that all filing at Companies House is kept up to date to ensure compliance with laws and regulations.

Update for 2021: *The changes in share capital have now been reflected at Companies House and all filings are up to date. Recommendation is not carried forward.*

Recommendation arising from current year audit

Late payment of VAT to HMRC

During the year, it was noted that the VAT due to HMRC for one quarter was paid late such that a penalty fine was incurred. This late payment arose due to a staff absence. A continued occurrence of late payments of VAT within a 12 month moth period could increase the severity of the penalty enforced by HMRC.

We recommend that this could be resolved in the future by ensuring a second member of staff has the ability to make the respective payment to HMRC to mitigate the risk of staff absence and subsequent late payments.

Reconciliation of rental income

As part of our audit an adjusting journal of £205K has been recognised. This represented a material error on income in the trial balance presented to us for audit.

We recommend that a reconciliation of rental income is performed at each quarter end against the rental income expected based on the lease agreements in existence and variances should be investigated.



Website

www.krestonreeves.com

Enquiries

enquiries@krestonreeves.com

Telephone

+44 (0)330 124 1399

London

Second Floor
168 Shoreditch High Street
London
E1 6RA

Canterbury

37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Brighton

Plus X Innovation Hub
Lewes Road
Brighton
East Sussex
BN2 4GL

Worthing

A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Chatham Maritime

Montague Place
Quayside
Chatham Maritime
Chatham
ME4 4QU

Horsham

Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Chichester

9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

Discovery Park

Innovation House
Discovery Park
Ramsgate Road
Sandwich, Kent
CT13 9ND

This document is private and confidential. It may also be privileged or otherwise protected by work product immunity or other legal rules. If you are not the intended recipient, please notify Kreston Reeves. You should not copy or use it for any purpose or disclose its contents to any other person. To do so may be unlawful.

Kreston Reeves LLP (Registered number OC328775) is registered to carry on audit work and is regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk for the UK, under reference number C001541365. Kreston Reeves Private Client LLP (OC342713) is licensed by the Institute of Chartered Accountants in England and Wales to carry out the reserved legal activity of non-contentious probate in England and Wales and regulated for a range of investment business activities. A list of our members' names is available at our registered office and details of the licensing bodies for our insolvency practitioners can be found at our website. Kreston Reeves Financial Planning Limited is authorised and regulated by the Financial Conduct Authority, registered in England and Wales with registered number 03852054. Registered office: 37 St Margaret's Street, Canterbury, Kent CT1 2TU. Kreston Reeves LLP is a member of Kreston International, a global network of accounting firms, each of which is a separate independent legal entity and as such has no liability for the acts or omissions of any other member firm. Kreston International Limited is a company registered in England (03453194) and limited by guarantee. Kreston International Limited provides no services to clients and has no liability for the acts or omissions of any member firm. Registered office: 1 Fore Street Avenue, C/O We Work, London, EC2Y 9DT.



This page is intentionally left blank

Appendix D - Profit by Property

Gryllus Property 2020/21	Week Street	Station Road East	Castlefield	Admin	Tax	Operating Profit	Revaluation	Accounting Loss
Revenue	226,219.00	70,839.75	822,325.00			1,119,383.75		1,119,383.75
Finance Costs	- 139,023.00	- 54,978.75	- 711,504.00			- 905,505.75		- 905,505.75
Operating Costs	- 24,329.83	- 9,760.00		- 90,438.81	- 16,976.00	- 141,504.64	- 1,864,900.00	- 2,006,404.64
Net Profit/Loss	62,866.17	6,101.00	110,821.00	- 90,438.81	- 16,976.00	72,373.36	- 1,864,900.00	- 1,792,526.64

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank