

# Gryllus Holdings and Gryllus Property Final Accounts 2020/21

## Investment Sub Committee Friday, 5 November 2021

Report of: Chief Finance Officer (Section 151)

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Purpose: information

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Publication status: Open

Wards affected: All

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### Executive summary:

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

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

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### 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)
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### 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.

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## **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

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