

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

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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	(870,048)	360,360
Finance costs	7	(905,506)	(415,170)
Loss before taxation		(1,775,554)	(54,810)
Tax expense	8	(16,976)	(11,030)
Loss for the year		<u>(1,792,530)</u>	<u>(65,840)</u>
Total comprehensive income for the year attributable to shareholders		<u>(1,792,530)</u>	<u>(65,840)</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		<u>1,333,031</u>		<u>319,789</u>
			<u>1,336,512</u>		<u>816,667</u>
TOTAL ASSETS			<u><u>19,691,312</u></u>		<u><u>21,036,367</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables	12		1,216,360		762,606
Current tax liabilities	12		<u>100,558</u>		<u>106,837</u>
			1,316,918		869,443
Non-current liabilities					
Borrowings	13		<u>15,070,500</u>		<u>15,070,500</u>
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			<u><u>19,691,312</u></u>		<u><u>21,036,367</u></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 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		<u>994,852</u>	<u>455,960</u>
Working capital adjustments:			
(Decrease)/increase in payables		(463,977)	614,941
Increase in receivables		<u>493,397</u>	<u>(360,882)</u>
Cash generated by operations		<u>1,024,272</u>	<u>710,019</u>
Income taxes paid		(11,030)	(10,569)
Net cash from operating activities		<u>1,013,242</u>	<u>699,450</u>
Investing activities			
Purchase of investment property		-	<u>(16,966,200)</u>
Net cash used in investing activities		-	<u>(16,966,200)</u>
Financing activities			
Proceeds from borrowings		-	12,676,500
Issue of shares		-	4,225,500
Interest paid		-	<u>(415,170)</u>
Net cash generated by financing activities		-	<u>16,486,830</u>
Net increase in cash and cash equivalents		<u>1,013,242</u>	<u>220,080</u>
Cash and cash equivalents at beginning of year		319,789	99,709
Cash and cash equivalents at end of year	11	<u>1,333,031</u>	<u>319,789</u>

The notes on pages 10 to 19 form part of the financial statements

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	-	-
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	-	3,279
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.