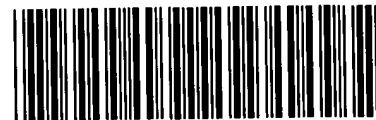

SUNLEY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

TUESDAY



A9JXS06Y

A21

15/12/2020

#280

COMPANIES HOUSE

SUNLEY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	James B Sunley Rory W M Gleeson Lisa H Sunley
Registered number	01458205
Registered office	20 Berkeley Square London W1J 6LH
Independent auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

SUNLEY HOLDINGS LIMITED

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	2 - 3
Independent Auditor's Report	4 - 5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	9
Company Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Analysis of Net Debt	12
Notes to the Financial Statements	13 - 31

SUNLEY HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their strategic report and the consolidated financial statements for the year ended 31 December 2019.

Business review

The Sunley Holdings group of companies develop and invest in all areas of residential property, including new build, bespoke refurbishments, student housing and the strategic promotion and project management of sites requiring planning consent for new homes.

The company also invests in third party projects, joint ventures, and a variety of small companies.

The highlight of 2019 was the sale of an investment property which had been valued at £22m. The cash generated from the sale put the group in a strong position to invest in new opportunities. Furthermore, turnover remained strong at £10,187,000 (2018: £10,437,000) as a result of property sales, rental income and management fees.

The group finished the year with no bank loans or overdrafts.

Financial key performance indicators

Turnover in 2019 decreased to £10,187,000 (2018: £10,437,000) giving rise to an operating loss, after fair value movements, of £1,567,000 (2018: profit of £2,427,000) and a pre-tax loss of £628,000 (2018: profit £2,117,000).

Following a declaration of a dividend of £1,065,000 (2018: £1,269,000) the group's net assets at 31 December 2019 decreased to £18,344,000 (2018: £20,051,000).

Following the disposal of an investment property during the year, two bank loans totalling £13,072,500 and carrying an interest rate of 2.2% above Libor and a fixed rate of 7.55% for the senior (£9,801,000) and junior (£3,271,500) element respectively were fully repaid on 5 April 2019.

Principal risks and uncertainties

The main financial risks are client credit risk and liquidity risk. The operational risks are in the vagaries of the planning process and the ability to source new profitable opportunities.

The Directors regularly review and agree policies to manage these risks and maintain detailed cash flow forecasts and sensitivities.

Risk indicators include fluidity of cash flow, turnover, and operating profit as well as the general state of the property market and variable economic conditions.

The Directors have considered the risks of COVID-19 and have concluded that the company is in a strong position to overcome the impact


Financial Risk Management, Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are retained to enable it to meet its obligations as they fall due. This is primarily achieved by close management control of working capital using cash flow forecasts and sensitivities.

Future developments

Despite the uncertainties in the UK and Europe the Directors believe the outlook for the business is positive and with increased cash resources it is well placed to take quick advantage of new opportunities during 2020.

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


James B Sunley
Director

Date: 18 November 2020

SUNLEY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £642,000 (2018 - profit £2,220,000).

The Directors declared and paid dividends totalling £1,065,000 (2018: £1,269,000) during the year.

Directors

The Directors who served during the year and since the year end were as follows:

James B Sunley
Rory W M Gleeson
Lisa H Sunley (appointed 13 May 2020)

Environmental matters

It is the company's policy to assess environmental issues which may be applicable to its business, customers and the general public and to take such measures consistent with being a responsible property development and construction company.

Future developments

The Directors believe the outlook for the business remains positive. They are of the opinion that the group is in a sound financial position to maximise opportunities throughout the following year.

Company's policy for payment of creditors

The company's policy concerning the payment of its trade creditors is as follows:

- to agree the terms of payments at the start of the business with that supplier;
- to ensure that suppliers are aware of the terms of payment; and
- to pay in accordance with its contractual and other legal obligations.

SUNLEY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them through a variety of media including conferences, newsletters and meetings.

It is the policy of the company that disabled persons shall be considered for employment, training, career development and promotion on the basis of their aptitudes and abilities, in common with all employees. The services of any existing employee who becomes disabled are retained wherever possible.

The company has a positive approach to health and safety at work and copies of formal health and safety policy statements are available at all company sites and offices.

Matters covered in the strategic report

In accordance with section 416(4) of the Companies Act, items which are required to be disclosed in the Directors' report have been disclosed in the Strategic report as these are considered to be of strategic importance to the Group.

Post balance sheet events

Since the year end, the Covid-19 pandemic has resulted in severe restrictions being imposed on business operations across all industries with a corresponding adverse impact on economic activity. This represents a non-adjusting post balance sheet event for the purposes of these financial statements. The Directors continue to monitor the impact of the Covid-19 pandemic. At the time of reporting, the financial impact on the Group remains uncertain but the Directors are confident that the Group has sufficient resources to continue trading successfully. The impact on the Directors' assessment on the Group's ability to continue as a going concern is set out in note 2.3 to the financial statements.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

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



James B Sunley
Director

Date: 18 November 2020

SUNLEY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNLEY HOLDINGS LIMITED

Opinion

We have audited the financial statements of Sunley Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

SUNLEY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNLEY HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Gareth Ogden (Senior Statutory Auditor)
for and on behalf of
Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

18 November 2020

SUNLEY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover		10,187	10,437
Cost of sales		(6,222)	(6,412)
Gross profit		3,965	4,025
Administrative expenses		(4,816)	(4,595)
Fair value movements		(716)	2,997
Operating (loss)/profit	5	(1,567)	2,427
Income from fixed assets investments		3	7
Profit on sale of fixed asset investments		820	-
Interest receivable and similar income	9	302	395
Interest payable and expenses	10	(186)	(712)
(Loss)/profit before taxation		(628)	2,117
Tax on (loss)/profit	11	(14)	103
(Loss)/profit for the financial year		(642)	2,220
(Loss)/profit for the year attributable to:			
Minority interest share of profit		-	(6)
Owners of the parent Company		(642)	2,226
		(642)	2,220

The notes on pages 13 to 31 form part of these financial statements.

There was no other comprehensive income for the year to 31 December 2019 and 2018.

All amounts relate to continuing operations.

SUNLEY HOLDINGS LIMITED
REGISTERED NUMBER: 01458205

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	-	104
Tangible assets	14	242	200
Investments	15	5,949	4,767
Investment property	16	1,304	24,641
		<u>7,495</u>	<u>29,712</u>
Current assets			
Stocks	17	1,025	3,818
Debtors	18	5,124	4,570
Cash at bank and in hand	19	6,458	957
		<u>12,607</u>	<u>9,345</u>
Creditors: amounts falling due within one year	20	(1,758)	(5,933)
Net current assets		<u>10,849</u>	<u>3,412</u>
Total assets less current liabilities		<u>18,344</u>	<u>33,124</u>
Creditors: amounts falling due after more than one year	21	-	(13,073)
Net assets		<u><u>18,344</u></u>	<u><u>20,051</u></u>
Capital and reserves			
Called up share capital	25	4,150	4,150
Share premium account	26	250	250
Other reserves	26	24	24
Profit and loss account	26	13,920	15,627
Equity attributable to owners of the parent Company		<u>18,344</u>	<u>20,051</u>
		<u><u>18,344</u></u>	<u><u>20,051</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 November 2020.


James B Sunley
 Director

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED
REGISTERED NUMBER: 01458205

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	24	7
Investments	15	35,760	27,487
		<u>35,784</u>	<u>27,494</u>
Current assets			
Stocks	17	515	240
Debtors	18	4,743	12,545
Cash at bank and in hand	19	6,026	225
		<u>11,284</u>	<u>13,010</u>
Creditors: amounts falling due within one year	20	(28,605)	(20,210)
Net current liabilities		<u>(17,321)</u>	<u>(7,200)</u>
Total assets less current liabilities		<u>18,463</u>	<u>20,294</u>
Provisions for liabilities			
Deferred taxation	24	(119)	(243)
Net assets		<u><u>18,344</u></u>	<u><u>20,051</u></u>
Capital and reserves			
Called up share capital	25	4,150	4,150
Share premium account	26	250	250
Profit and loss account	26	13,944	15,651
		<u><u>18,344</u></u>	<u><u>20,051</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 November 2020.

James B Sunley
Director

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2018	4,150	250	24	14,670	19,094	6	19,100
Comprehensive income for the year							
Profit for the year	-	-	-	2,226	2,226	-	2,226
Attributable to minority interests	-	-	-	-	-	(6)	(6)
Dividends: Equity capital	-	-	-	(1,269)	(1,269)	-	(1,269)
At 1 January 2019	4,150	250	24	15,627	20,051	-	20,051
Comprehensive income for the year							
Loss for the year	-	-	-	(642)	(642)	-	(642)
Dividends: Equity capital	-	-	-	(1,065)	(1,065)	-	(1,065)
At 31 December 2019	4,150	250	24	13,920	18,344	-	18,344

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2018	4,150	250	14,694	19,094
Profit for the year	-	-	2,222	2,222
Dividends: Equity capital	-	-	(1,265)	(1,265)
At 1 January 2019	4,150	250	15,651	20,051
Loss for the year	-	-	(642)	(642)
Dividends: Equity capital	-	-	(1,065)	(1,065)
At 31 December 2019	4,150	250	13,944	18,344

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £000	2018 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(642)	2,220
Adjustments for:		
Depreciation and amortisation	146	80
Interest paid	186	712
Interest received	(302)	(395)
Taxation charge	14	(103)
Decrease/(increase) in stocks	2,792	(440)
(Increase)/decrease in debtors	(552)	179
(Decrease)/increase in creditors	(2,134)	712
Net fair value losses/(gains) recognised in P&L	716	(2,997)
Corporation tax received	44	66
Net cash generated from operating activities	<u>268</u>	<u>34</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(124)	(133)
Sale of tangible fixed assets	41	4
Purchase of investment properties	(136)	(64)
Sale of investment properties	23,473	540
Purchase of unlisted and other investments	(2,012)	(1,232)
Sale of unlisted and other investments	118	702
Interest received	302	395
Net cash from investing activities	<u>21,662</u>	<u>212</u>
Cash flows from financing activities		
Repayment of loans	(14,966)	(316)
Dividends paid	(1,065)	(1,269)
Interest paid	(186)	(712)
Net cash used in financing activities	<u>(16,217)</u>	<u>(2,297)</u>
Net increase/(decrease) in cash and cash equivalents	5,713	(2,051)
Cash and cash equivalents at beginning of year	745	2,796
Cash and cash equivalents at the end of year	<u><u>6,458</u></u>	<u><u>745</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,458	957
Bank overdrafts	-	(212)
	<u><u>6,458</u></u>	<u><u>745</u></u>

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £000	Cash flows £000	At 31 December 2019 £000
Cash at bank and in hand	957	5,501	6,458
Bank overdrafts	(212)	212	-
Debt due after 1 year	(13,073)	13,073	-
Debt due within 1 year	(5,933)	4,250	(1,683)
	<u>(18,261)</u>	<u>23,036</u>	<u>4,775</u>

The notes on pages 13 to 31 form part of these financial statements.

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Sunley Holdings Limited is a private company, limited by share capital, incorporated in England and Wales.

The registered office and principal place of business is 20 Berkeley Square, Mayfair, London, W1J 6LH.

The principal activity of the company is the investment in commercial and residential real estate investments and developments, and the provision of debt and equity financing for real estate joint venture projects, corporate acquisitions and private equity.

The financial statements are presented in Sterling (£) and rounded to the nearest thousand.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements for the Company and the Group have been prepared on a going concern basis.

The Covid-19 pandemic represents an emerging risk for the Group. This includes potential business interruptions (including suspended or reduced operations) and reductions in asset values relating to Covid-19 and other such events outside the Group's control, which could have an adverse impact on the Group's operating results and financial condition. As at the date of approval of these financial statements, the duration of the business interruptions and related financial impact of Covid-19 on the Group are uncertain.

After reviewing the Group's forecasts and projections, including taking account of the business impact of Covid-19, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve months following approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue comprises of rental income, management fee income and property and land sales recognised by the Group in respect of the year.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rental income is recognised on a straight line basis over the term of the lease. Amounts invoiced in advance are deferred accordingly and recognised in the period to which they relate.

Management fees and other income are recognised when the management services are provided, in the period to which they relate.

The following criteria must also be met before revenue is recognised:

Sale of properties classified as stock

It is group policy to recognise sold properties previously recognised as stock in turnover if contracts are exchanged before the year end, providing completion takes place not more than one month after the year end.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 3 years straight line
-----------------------	-------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.9 Valuation of investments

Investments in subsidiaries are measured to fair value, being the net asset value of each company. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 Trading stock of properties

The trading stock of properties is stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase plus the attendant costs of developing the property to a saleable state.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss. Property acquisitions and disposals are accounted for when legally binding contracts, which are irrevocable and unconditional, are exchanged.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements under FRS 102 requires the directors to make certain judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The key area where management has made significant judgements is around estimates regarding the valuation of properties at the balance sheet date.

The Group holds its investment property at fair value. In order to arrive at this value, the Group considers various factors including, but not limited to, the classification, location and condition of the property; recent market transactions involving similar assets; and an appraisal of the current market environment.

Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets are assessed annually.

Stock and work in progress comprises land and properties held for development. They are measured at the lower of cost and net realisable value and the valuation is assessed annually.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£000	£000
Rental income	1,654	2,369
Property and land sales	8,018	7,559
Management fee and other income	515	509
	<u>10,187</u>	<u>10,437</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	42	66
Amortisation of intangible assets, including goodwill	13	13
Impairment charge of goodwill	91	-
Other operating lease rentals	218	216
Defined contribution pension cost	97	88
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>25</u>	<u>30</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Wages and salaries	2,113	2,048	1,315	1,213
Social security costs	113	218	65	156
Cost of defined contribution scheme	97	88	61	52
	<u>2,323</u>	<u>2,354</u>	<u>1,441</u>	<u>1,421</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Employees	<u>10</u>	<u>9</u>	<u>7</u>	<u>6</u>

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	1,107	1,050
Cost of defined contribution pension scheme	18	18
	<u>1,125</u>	<u>1,068</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £780,000 (2018 - £650,000).

9. Interest receivable

	2019 £000	2018 £000
Other interest receivable	302	395
	<u>302</u>	<u>395</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	186	712
	<u>186</u>	<u>712</u>

11. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	(50)	(64)
	<u>(50)</u>	<u>(64)</u>
Total current tax	<u>(50)</u>	<u>(64)</u>
Deferred tax		
Origination and reversal of timing differences	64	(39)
Total deferred tax	<u>64</u>	<u>(39)</u>
Taxation on profit/(loss) on ordinary activities	<u>14</u>	<u>(103)</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	(628)	2,117
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(119)	402
Effects of:		
Expenses not deductible for tax purposes	170	49
Non-taxable income	(111)	(182)
Difference between accounting and tax base costs	17	16
Deferred tax not recognised	-	(372)
Effect of difference between current and deferred tax rate	83	17
Group relief surrendered	24	31
Receipt of group relief	(50)	(64)
Total tax charge for the year	14	(103)

Factors that may affect future tax charges

On 16 March 2016 the chancellor announced a reduction in the Corporation Tax Rate to 17% (effective 1 April 2020). This was substantively enacted 6 September 2016 and the deferred tax has been calculated using this rate. In November 2019, the Prime Minister announced the intention to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

12. Dividends

	2019 £000	2018 £000
Dividends paid	1,065	1,269

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Intangible assets

Group and Company

	Goodwill £000
Cost	
At 1 January 2019	130
At 31 December 2019	130
Amortisation	
At 1 January 2019	26
Charge for the year	13
Impairment charge	91
At 31 December 2019	130
Net book value	
At 31 December 2019	-
At 31 December 2018	104

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets

Group

Fixtures and
fittings £000

Cost or valuation

At 1 January 2019	2,612
Additions	124
Disposals	(274)
At 31 December 2019	<u>2,462</u>

Depreciation

At 1 January 2019	2,411
Charge for the year on owned assets	42
Disposals	(233)
At 31 December 2019	<u>2,220</u>

Net book value

At 31 December 2019	<u>242</u>
At 31 December 2018	<u>200</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Tangible fixed assets (continued)

Company

	Fixtures and fittings £000
Cost or valuation	
At 1 January 2019	130
Additions	22
	<hr/>
At 31 December 2019	152
	<hr/>
Depreciation	
At 1 January 2019	123
Charge for the year on owned assets	5
	<hr/>
At 31 December 2019	128
	<hr/>
Net book value	
At 31 December 2019	24
	<hr/>
At 31 December 2018	7
	<hr/>

15. Fixed asset investments

Group

	Other fixed asset investments £000
Cost or valuation	
At 1 January 2019	4,767
Additions	2,012
Disposals	(114)
Revaluations	(716)
	<hr/>
At 31 December 2019	5,949
	<hr/>

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 January 2019	22,720	4,767	27,487
Additions	-	2,012	2,012
Disposals	-	(114)	(114)
Revaluations	7,090	(716)	6,374
At 31 December 2019	29,810	5,949	35,759

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Sunley Estates Limited*	London	Property development	Ordinary	100%
Executive Centre Brighton Limited	London	Provision of serviced accommodation	Ordinary	100%
Environ (Kent) Limited	London	Property development	Ordinary	100%
Bach Homes (Sunley) Limited	London	Property development	Ordinary	100%
GMH (2004) Limited	London	Property investment	Ordinary	100%
SP (2004) Limited	London	Property investment	Ordinary	100%
Fairfax Shelfco 321 Limited*	London	Provision of student accommodation	Ordinary	100%
Sunley FPR Limited	London	Property investment	Ordinary	100%
Sunley Canterbury LLP*	London	Property investment	Ordinary	100%
Sunley Crayfern LLP	London	Property development	Ordinary	50%
BHE Property Developments Limited	London	Dormant	Ordinary	100%
Castleford Homes Limited	London	Dormant	Ordinary	100%
Industrial Ownership Limited*	London	Dormant	Ordinary	100%
John B Sunley & Sons Limited	London	Dormant	Ordinary	100%
Sir John Jackson Limited	London	Dormant	Ordinary	100%
Sunley Group Limited	London	Dormant	Ordinary	100%
Sunley London Limited	London	Dormant	Ordinary	100%
Sunley Properties Limited	London	Dormant	Ordinary	100%
Sunley Securities Limited	London	Dormant	Ordinary	100%
Sunley Trading Limited	London	Dormant	Ordinary	100%
GMH Management Limited	London	Dormant	Ordinary	100%
Swallowfield Park Management Limited	London	Dormant	Ordinary	100%
Bernard and Mary Sunley Limited*	London	Dormant	Ordinary	100%

Group companies not owned directly by Sunley Holdings Limited are indicated by an asterix.

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2019	24,641
Additions at cost	136
Disposals	(23,473)
At 31 December 2019	<u>1,304</u>

The 2019 valuations were made by the Directors, on an open market value for existing use basis.

17. Stocks

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Property under development	1,025	3,818	515	240
	<u>1,025</u>	<u>3,818</u>	<u>515</u>	<u>240</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due after more than one year				
Other debtors	2,748	2,740	2,748	2,740
	<u>2,748</u>	<u>2,740</u>	<u>2,748</u>	<u>2,740</u>
Due within one year				
Trade debtors	256	428	90	99
Amounts owed by group undertakings	7	63	52	8,910
Other debtors	1,866	1,014	1,748	692
Prepayments and accrued income	246	260	105	104
Deferred taxation	1	65	-	-
	<u>5,124</u>	<u>4,570</u>	<u>4,743</u>	<u>12,545</u>

19. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Cash at bank and in hand	6,458	957	6,026	225
Less: bank overdrafts	-	(212)	-	-
	<u>6,458</u>	<u>745</u>	<u>6,026</u>	<u>225</u>

20. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank overdrafts	-	212	-	-
Bank loans	-	1,543	-	-
Other loans	-	350	-	350
Trade creditors	351	344	37	125
Amounts owed to group undertakings	59	60	28,221	19,074
Corporation tax	-	5	-	-
Other taxation and social security	269	375	253	245
Other creditors	414	1,366	8	8
Accruals and deferred income	665	1,678	86	408
	<u>1,758</u>	<u>5,933</u>	<u>28,605</u>	<u>20,210</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000
Bank loans	-	13,073
	<u>-</u>	<u>13,073</u>

22. Loans

Two bank loans totalling £13,072,500 carry an interest rate of 2.2% above Libor and a fixed rate of 7.55% for the senior (£9,801,000) and junior (£3,271,500) element respectively. It is secured by a fixed charge and guarantee over an investment property. The bank loans were fully repaid on 5 April 2019.

A bank loan totalling £1,083,000 which also has a first legal over the stock and work in progress it was used to acquire carries a rate of interest of 6.25% above base rate was repaid in October 2019.

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Amounts falling due within one year				
Bank loans	-	1,543	-	-
Other loans	-	350	-	350
	<u>-</u>	<u>1,893</u>	<u>-</u>	<u>350</u>
 Amounts falling due 2-5 years				
Bank loans	-	13,073	-	-
	<u>-</u>	<u>13,073</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>14,966</u>	<u>-</u>	<u>350</u>

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,877	4,248	4,638	12,442
Financial liabilities				
Financial liabilities measured at amortised cost	(1,471)	(18,076)	(28,334)	(19,943)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and amounts due to group undertakings.

24. Deferred taxation

Group

	2019 £000	2018 £000
At beginning of year	65	25
Charged to profit or loss	(64)	39
At end of year	1	64

Company

	2019 £000	2018 £000
At beginning of year	(243)	(89)
Charged to profit or loss	124	(154)
At end of year	(119)	(243)

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Short term timing differences	1	65	(119)	(243)
	1	65	(119)	(243)

SUNLEY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
4,150,000 (2018 - 4,150,000) Ordinary shares of £1.00 each	4,150	4,150

The Ordinary shares have full voting rights attached to them.

26. Reserves

Profit and loss account

The profit and loss account includes all current and prior period results less dividends declared.

Share premium account

The share premium account includes any premiums received on the issue of share capital less share issue costs.

27. Pension commitments

The group operates a defined contribution pension scheme for most employees. Certain employees operate their own pension schemes into which the group contributes. The assets of the schemes are held separately from those of the group in independently administered funds.

The pension cost charge represents contributions payable by the group to the group scheme and to personal pension schemes and amounted to £97,000 (2018: £88,000)

28. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Not later than 1 year	212	212	212	212
	212	212	212	212

SUNLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

29. Related party transactions

During the year the group entered into transactions, in the ordinary course of business and all being at arm's length transactions, with other related parties. Transactions entered into and the balances outstanding as at 31 December are as follows:

	Interest charged on the loans £000	Amounts owed from related party £000
Entities in which a director has an interest		
2019	-	2,524
2018	(565)	2,511
Transactions with directors or key management personnel		
2019	-	-
2018	-	89

30. Post balance sheet events

Since the year end, the Covid-19 pandemic has resulted in severe restrictions being imposed on business operations across all industries with a corresponding adverse impact on economic activity. The emergence and spread of the virus took place in February and March 2020 and is therefore considered a non-adjusting event and therefore does not provide information about conditions that existed at the balance sheet date.

At the time of reporting, the financial impact on the Group remains uncertain. The Directors note that there is uncertainty around the post year end valuation of the properties held in light of COVID-19 and may affect the fair value of the Group's investment properties in future periods.

The Group will continue to closely monitor the pandemic as an increase in magnitude and duration may lead to a long term general economic downturn.

There were no other events subsequent to the reporting date and up to the date of signing that require disclosure in these financial statements.

31. Controlling party

The ultimate parent company is Sunley Family Limited. Sunley Family Limited is the head of the largest group of companies of which the company is a member that prepares group financial statements.

Sunley Family Limited is registered in England and Wales. Group financial statements for Sunley Family Limited are available to the public, from the registrar of Companies at Companies House.

The Directors do not consider there to be one controlling party.