

SC WALMGATE LIMITED

COMPANY NUMBER 08047343 (ENGLAND AND WALES)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



SC WALMGATE LIMITED

COMPANY INFORMATION

Directors	Mr C Cade Mrs J Hawthorn Mr S Dance Mr R Ainsworth
Company secretary	Mr S Dance
Company number	08047343
Registered office	Kintyre House 70 High Street Fareham Hampshire PO16 7BB
Independent auditor	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading RG1 3BD United Kingdom
Business address	16 D'Arblay Street London W1F 8EA
Solicitor	Osborne Clarke One London Wall London EC2Y 5EB
Banker	HSBC Bank Plc 8 Canada Square London E14 5HQ

SC WALMGATE LIMITED

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SC WALMGATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their Annual report and audited financial statements for the year ended 31 August 2017. This Directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies' exemption. Accordingly, the directors have elected to take advantage of the exemption from preparing a Strategic report.

Principal activities

The principal activity of the company is that of building, developing and leasing student accommodation.

Results and dividends

The profit for the year after taxation amounted to £14,232,009 (2016: £14,917 loss). No dividends have been paid in the period (2016: nil).

Directors

The following directors have held office since 1 September 2016 to the date of signing, except as stated:

Mr C Cade	
Mr P Morton	(Resigned 19 September 2016)
Mrs J Hawthorn	
Mr S Dance	
Mr R Ainsworth	(Appointed 19 September 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 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; and
- 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.

SC WALMGATE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S418 of Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

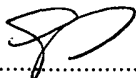
Going concern

The directors have a reasonable expectation that the company has adequate resources with the assistance of Student Castle Limited to continue in operational existence for the foreseeable future. Consequently the directors have obtained a letter from Student Castle Limited undertaking that Student Castle Limited will continue to provide financial support to help the company meet its day to day operations. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. See accounting policies note 1 for further information.

Post balance sheet events

Details of significant events since the Balance sheet date are included within note 14 to the financial statements.

On behalf of the Board



Mr S Dance

Director

Date: 19-01-2018

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SC WALMGATE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SC Walmgate Limited (the 'company') which comprise:

- the statement of comprehensive income and retained earnings;
- the balance sheet;
- and the related notes 1 to 15.

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).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC WALMGATE LIMITED

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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, 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.

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC WALMGATE LIMITED

Report on other legal and regulatory requirements

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.

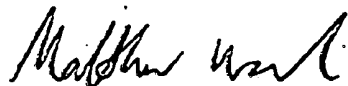
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Matthew Ward FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
Reading
United Kingdom
Date: 23 January 2018

SC WALMGATE LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
Turnover	1	3,034,196	2,430,274
Gross profit		3,034,196	2,430,274
Other income	1	-	575,000
Administrative expenses		(182,124)	(126,493)
Operating profit		2,852,072	2,878,781
Gain on revaluation of investment property	1,6	16,839,625	-
Other interest receivable and similar income	4	492	3,364
Interest payable and similar charges	4	(2,954,208)	(2,964,541)
Profit / (loss) before taxation	3	16,737,981	(82,396)
Tax on profit / (loss)	5	(2,505,972)	67,479
Profit / (loss) for the year		14,232,009	(14,917)
Total comprehensive profit / (loss)		14,232,009	(14,917)
Retained earnings at 1 September		9,168,512	9,183,429
Retained earnings at 31 August		23,400,521	9,168,512

The Statement of comprehensive income and retained earnings has been prepared on the basis that all operations are continuing operations.

SC WALMGATE LIMITED

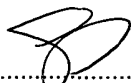
BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	6	79,831,569	63,020,304
Investments	7	1	1
		<u>79,831,570</u>	<u>63,020,305</u>
Current assets			
Debtors	8	564,027	569,248
Cash at bank and in hand		811,512	2,941,862
		<u>1,375,539</u>	<u>3,511,110</u>
Creditors: amounts falling due within one year	9	(2,046,306)	(2,513,921)
		<u>(670,767)</u>	<u>997,189</u>
Net current liabilities			
		(670,767)	997,189
Total assets less current liabilities		79,160,803	64,017,494
Creditors: amounts falling due after more than one year	10	(55,760,281)	(54,848,981)
		<u>23,400,522</u>	<u>9,168,513</u>
Net assets			
		23,400,522	9,168,513
Capital and reserves			
Called-up share capital	12	1	1
Profit and loss account		23,400,521	9,168,512
		<u>23,400,522</u>	<u>9,168,513</u>
Shareholder's funds			
		23,400,522	9,168,513

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and authorised for issue on 19-01-2018



Mr S Dance
Director

Company Registration No. 08047343

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

1.1 Basis of accounting

SC Walmgate Limited is a company incorporated in the United Kingdom under the Companies Act.

The company is a private Company limited by shares and is registered in England and Wales. The address of the company's registered office is shown at the beginning of these accounts.

The principal activities of the company are set out in the Directors' Report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), and with the Companies Act 2006.

The functional currency of SC Walmgate Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

SC Walmgate Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to presentation of a cash flow statement and remuneration of key management personal. SC Walmgate Limited is consolidated in the financial statements of its ultimate parent entity, Student Castle Developments 2 Limited, whose financial statements may be obtained at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

1.2 Turnover

Turnover represents lease charges and commissions receivable net of VAT.

1.3 Other income

Other income in the prior year represents damages received from the lead contractor due to the delayed delivery of the site included in investment property.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets comprise website development costs and investment property. Website development costs are stated at cost less depreciation and provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Website development costs	33% Straight line
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Investment properties for which the fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.6 Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax is measured on a non-discounted basis.

1.7 Wages and remuneration

The directors are not remunerated by the company and the company had no employees in either year.

1.8 Going concern

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the company is exposed, the company's ongoing financial commitments and the availability of sufficient resources for the next twelve months and beyond.

The company meets its day to day working capital requirements using external and intercompany borrowing facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.9 Group financial statements

The company is exempt from the requirement to prepare and deliver group financial statements on the basis that the company's results are included in the consolidated financial statements of Student Castle Developments 2 Limited, a Company registered in England and Wales and whose financial statements may be obtained at Kintyre House, 70 High street, Fareham, Hampshire, PO16 7BB.

1.10 Bank borrowing

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.11 Financial instruments (continued)

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.12 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Key sources of estimation uncertainty

Revaluation of investment properties

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. A valuation was carried out by Knight Frank on 15 August 2017, which valued the property at £79,820,000.

The valuation performed by Knight Frank was based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield in the final valuation. The estimates used in the model is within the typical ranges reported by a number of industry sources.

The Directors are of the opinion that there are no other critical accounting judgements or key sources of estimation uncertainty during the current or preceding year.

3 Profit on ordinary activities before taxation	2017 £	2016 £
Loss on ordinary activities before taxation after charging:		
Depreciation of tangible assets	58,735	58,736
The analysis of the auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's financial statements	3,850	4,350
Total audit fees	3,850	4,350
Taxation compliance services	2,162	3,730
Other taxation services	10,700	-
Total non-audit fees	12,862	3,730
	16,712	8,080

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Other interest receivable and interest payable	2017	2016
	£	£
Interest receivable		
Bank interest receivable	492	3,364
	<u>492</u>	<u>3,364</u>
Interest payable		
On bank loans and overdrafts	1,278,012	1,284,335
Interest payable on amounts owed to group undertakings	853,868	1,368,012
Other finance costs from group undertakings	551,458	228,458
Bank charges	270,870	83,736
	<u>2,954,208</u>	<u>2,964,541</u>
5 Tax on profit	2017	2016
	£	£
The tax charge / (credit) comprises:		
Current tax	-	(218,909)
Deferred tax		
Origination and reversal of timing differences	3,076,426	69,011
Adjustments in respect of previous periods	(4,267)	404,300
Effect of changes in tax rates	(566,187)	(321,881)
Total deferred tax (see note 11)	<u>2,505,972</u>	<u>151,431</u>
Total tax charge / (credit) on loss	<u>2,505,972</u>	<u>(67,479)</u>

The tax charge for the year can be reconciled to the profit per the profit and loss account as follows:

Profit / (loss) before tax	16,737,981	(82,396)
Tax on profit / (loss) at standard UK corporation tax rate of 19.58% (2016: 20%)	3,277,431	(16,479)
Effects of:		
Expenses not deductible for tax purposes	150,479	246,242
Revaluation of investment property	(351,484)	(160,751)
Adjustments to tax charge in respect of previous periods	(4,267)	185,390
Effect of changes in tax rate	(566,187)	(321,881)
Total tax charge / (credit) for period	<u>2,505,972</u>	<u>(67,469)</u>

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

5 Tax on profit (continued)

Factors affecting the tax rate

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020 and to 18% from 1 April 2020. In addition, the finance Act 2016 which was substantively enacted on 6 September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 31 August 2017.

6 Tangible fixed assets

	Website development costs	Investment Property	Total
	£	£	£
Cost			
At 1 September 2016	177,986	62,950,000	63,127,986
Additions	-	30,375	30,375
Revaluation	-	16,839,625	16,839,625
At 31 August 2017	177,986	79,820,000	79,997,986
Depreciation			
At 1 September 2016	107,682	-	107,682
Charge for the year	58,735	-	58,735
At 31 August 2017	166,417	-	166,417
Net book value			
At 31 August 2017	11,569	79,820,000	79,831,569
At 31 August 2016	70,304	62,950,000	63,020,304

Investment property, which is freehold, is held at open market value and was professionally valued on 15 August 2017 by Knight Frank LLP, an entity registered with the Royal Institute of Chartered Surveyors. See note 2 for further information on the valuation carried out.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Fixed asset investments

	Shares in group undertakings and participating £
Cost	
At 1 September 2016 and at 31 August 2017	1
Net book value	
At 31 August 2017	1
At 31 August 2016	1

Subsidiary undertakings	Country of incorporation	Principal activity	Shares held	
			Class	%
SC Walmgate Management Limited	England and Wales	Property management	Ordinary	100

SC Walmgate Management Limited is held directly by SC Walmgate Limited.

SC Walmgate Management Limited is registered at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8	Debtors	2017 £	2016 £
	Other debtors	230,959	306,625
	Prepayments and accrued income	45,707	57,341
	VAT	153,487	18,890
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	108,563	43,828
	Deferred tax asset (see note 11)	25,311	142,564
		<u>564,027</u>	<u>569,248</u>
9	Creditors: amounts falling due within one year	2017 £	2016 £
	Trade creditors	81,843	6,625
	Other creditors	1,638,414	1,638,903
	Accruals	152,595	108,387
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	173,454	760,006
		<u>2,046,306</u>	<u>2,513,921</u>
10	Creditors: amounts falling due after more than one year	2017 £	2016 £
	Bank loans	47,880,000	37,770,000
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,452,075	14,039,494
	Deferred tax liability (see note 11)	5,428,206	3,039,487
		<u>55,760,281</u>	<u>54,848,981</u>

Bank loans are secured on the freehold property included within investment property. Interest is charged on £33,500,000 of the bank loan at a fixed annual rate of 3.35%. Interest is charged on the remaining £14,380,000 of the bank loan at 1.85% plus 3 month LIBOR.

Bank loans are repayable as follows:

Bank loans		
Between two and five years	<u>47,880,000</u>	<u>37,770,000</u>

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Deferred taxation

The deferred tax asset / (liability) is made up as follows:

	£
At 1 September 2016	(2,896,923)
Charged to Profit and loss account	(2,505,972)
At 31 August 2017	<u>(5,402,895)</u>

	2017 £	2016 £
Tax losses available (included in debtors, note 8)	25,311	142,564
Fixed asset timing differences (included in creditors, note 10)	<u>(5,428,206)</u>	<u>(3,039,487)</u>
	<u>(5,402,895)</u>	<u>(2,896,923)</u>

The deferred tax losses are expected to be utilised against foreseeable profits and are therefore appropriate to recognise.

12 Called-up share capital

	2017 £	2016 £
Allotted, called-up and fully-paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Control

The direct parent company is Student Castle Developments Limited, a company registered in England and Wales. The ultimate parent entity is Student Castle Developments 2 Limited, a Company registered in England and Wales. The company's results are included in the consolidated financial statements of Student Castle Developments 2 Limited, whose financial statements are publicly available and may be obtained at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB. This is the largest and smallest group into which the results of the company are consolidated.

The ultimate controlling parties of Student Castle Developments 2 Limited are the shareholders: Sir C Dunstone; Mr P Morton; Mr C Cade; Mr R Taylor; Mr R Clarkson; Mr J Eckbert; Mr J Gildersleeve; Mr T Morris; Mrs J Hawthorn; and Mr S Dance. Sir C Dunstone, due to the size of his shareholding, has significant

14 Post Balance sheet events

There were no post Balance sheet events identified that require adjustment to or disclosure within the financial statements.

15 Related party relationships and transactions

The company has taken advantage of the exemption available under FRS 102, Section 33: Related Party Disclosures whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.