

**SC WALMGATE LIMITED**

**COMPANY NUMBER 08047343 (ENGLAND AND WALES)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**



# SC WALMGATE LIMITED

## COMPANY INFORMATION

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**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

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# **SC WALMGATE LIMITED**

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# **SC WALMGATE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The directors present their Annual report and audited financial statements for the year ended 31 August 2018. 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 £6,394,766 (2017: £14,232,009 profit). No interim dividends were paid during the year (2017: £nil) and the directors do not recommend payment of a final dividend (2017: £nil).

#### **Directors**

The following directors have held office since 1 September 2017 to the date of signing:

Mr C Cade  
Mrs J Hawthorn  
Mr S Dance  
Mr R Ainsworth

#### **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 2018**

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### **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.

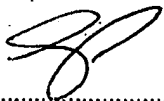
### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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.

Approved by the Board of Directors and signed on its behalf by



.....  
Mr S Dance

Director

Date: 11/01/19

**SC WALMGATE LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF SC WALMGATE LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of SC Walmgate Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2018 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 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 Financial Reporting Council's (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**

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#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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.

# SC WALMGATE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SC WALMGATE LIMITED

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#### 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.

#### 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.



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

Statutory Auditor  
Reading  
United Kingdom

Date: 11 January 2019



# SC WALMGATE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Turnover	1	3,225,693	3,034,196
Gross profit		3,225,693	3,034,196
Administrative expenses		(98,473)	(182,124)
Operating profit		3,127,220	2,852,072
Gain on revaluation of investment property	6	6,101,428	16,839,625
Other interest receivable and similar income	4	-	492
Interest payable and similar charges	4	(1,592,944)	(2,954,208)
Profit before taxation	3	7,635,704	16,737,981
Tax on profit	5	(1,240,938)	(2,505,972)
Profit for the year		6,394,766	14,232,009
Total comprehensive income		6,394,766	14,232,009
Retained earnings at 1 September		23,400,521	9,168,512
Retained earnings at 31 August		29,795,287	23,400,521

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

# SC WALMGATE LIMITED

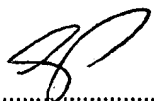
## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	6	85,570,000		79,831,569	
Investments	7		1		1
		<u>85,570,001</u>		<u>79,831,570</u>	
<b>Current assets</b>					
Debtors	8	5,229,678		564,027	
Cash at bank and in hand		641,801		811,512	
		<u>5,871,479</u>		<u>1,375,539</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,845,607)</u>		<u>(2,046,306)</u>	
<b>Net current assets / (liabilities)</b>		<u>2,025,872</u>		<u>(670,767)</u>	
<b>Total assets less current liabilities</b>		<u>87,595,873</u>		<u>79,160,803</u>	
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(57,800,585)</u>		<u>(55,760,281)</u>	
<b>Net assets</b>		<u>29,795,288</u>		<u>23,400,522</u>	
<b>Capital and reserves</b>					
Called-up share capital	12		1		1
Profit and loss account		<u>29,795,287</u>		<u>23,400,521</u>	
<b>Shareholder's funds</b>		<u>29,795,288</u>		<u>23,400,522</u>	

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 11/01/19



Mr S Dance  
Director

Company Registration No. 08047343

# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **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) Section 1A, 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 Investments Holdco 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 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.

#### **1.4 Investments**

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

#### **1.5 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 2018

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### 1 Accounting policies (continued)

#### 1.5 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.

#### 1.6 Wages and remuneration

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

#### 1.7 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 retained profits and 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.

#### 1.8 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 Investments Holdco 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.

#### 1.9 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.

#### 1.10 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 2018

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#### 1 Accounting policies (continued)

##### 1.10 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 2018

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### 1 Accounting policies (continued)

#### 1.11 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 2018

#### 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 31 July 2018, which valued the property at £85,570,000. The Directors do not consider that there has been any change to the fair value of the property between the date of the Knight Frank report and the year end.

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 before taxation	2018 £	2017 £
	Profit before taxation after charging:		
	Depreciation of tangible assets	11,569	58,735
	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	4,100	3,850
	<b>Total audit fees</b>	<u>4,100</u>	<u>3,850</u>
	Taxation compliance services	2,274	2,162
	Other taxation services	2,400	10,700
	<b>Total non-audit fees</b>	<u>4,674</u>	<u>12,862</u>
		<u>8,774</u>	<u>16,712</u>

# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4	Other interest receivable and interest payable	2018 £	2017 £
	<b>Interest receivable</b>		
	Bank interest receivable	-	492
		-	492
	<b>Interest payable</b>		
	On bank loans and overdrafts	1,440,241	1,278,012
	Interest payable on amounts owed to group undertakings	11,557	853,868
	Other finance costs from group undertakings	101,140	551,458
	Bank charges	40,006	270,870
		1,592,944	2,954,208

5	Tax on profit	2018 £	2017 £
	The tax charge comprises:		
	<b>Current tax</b>		
	UK corporation tax on profits for the period	193,349	-
	Adjustment in respect of previous periods	130,572	-
	<b>Total current tax</b>	323,921	-
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	1,147,096	3,076,426
	Adjustments in respect of previous periods	(109,333)	(4,267)
	Effect of changes in tax rates	(120,746)	(566,187)
	<b>Total deferred tax (see note 11)</b>	917,017	2,505,972
	<b>Total tax charge on profit</b>	1,240,938	2,505,972

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

Profit before tax	7,635,704	16,737,981
Tax on profit at standard UK corporation tax rate of 19.00% (2017: 19.58%)	1,450,784	3,277,431
Effects of:		
Expenses not deductible for tax purposes	-	150,479
Transfer pricing adjustments	1,976	-
Revaluation of investment property	(112,315)	(351,484)
Adjustments to tax charge in respect of previous periods	21,239	(4,267)
Effect of changes in tax rate	(120,746)	(566,187)
<b>Total tax charge for period</b>	1,240,938	2,505,972



# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 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 2018.

#### 6 Tangible fixed assets

	Website development costs	Investment Property	Total
	£	£	£
<b>Cost</b>			
At 1 September 2017	177,986	79,820,000	79,997,986
Revaluation gain	-	6,101,428	6,101,428
Disposals	-	(351,428)	(351,428)
	<u>177,986</u>	<u>85,570,000</u>	<u>85,747,986</u>
At 31 August 2018	177,986	85,570,000	85,747,986
<b>Depreciation</b>			
At 1 September 2017	166,417	-	166,417
Charge for the year	11,569	-	11,569
	<u>177,986</u>	<u>-</u>	<u>177,986</u>
At 31 August 2018	177,986	-	177,986
<b>Net book value</b>			
At 31 August 2018	-	85,570,000	85,570,000
	<u>-</u>	<u>85,570,000</u>	<u>85,570,000</u>
At 31 August 2017	11,569	79,820,000	79,831,569
	<u>11,569</u>	<u>79,820,000</u>	<u>79,831,569</u>

Investment property, which is freehold, is held at open market value and was professionally valued on 31 July 2018 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.

A disposal of £351,428 has been reflected during the year in relation to investment property. At 31 August 2017 the final account due to the contractor for the construction of the property was uncertain and was calculated based on the best available estimate of the total costs at the time. During the year the final account was agreed with the contractor and has resulted in a lower cost to SC Walmgate Limited as demonstrated by the disposal.

# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Fixed asset investments

	Shares in group undertakings and participating £
<b>Cost</b>	
At 1 September 2017 and at 31 August 2018	1
<b>Net book value</b>	
At 31 August 2018	1
At 31 August 2017	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.

8 Debtors	2018 £	2017 £
Trade debtors	1,499	-
Other debtors	212,882	230,959
Prepayments and accrued income	4,937	45,707
VAT	1,100,853	153,487
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,770,834	108,563
Deferred tax asset (see note 11)	138,673	25,311
	<u>5,229,678</u>	<u>564,027</u>

# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Creditors: amounts falling due within one year	2018 £	2017 £
Trade creditors	3,856	81,843
Other creditors	1,443,955	1,638,414
Accruals	119,049	152,595
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,278,747	173,454
	<u>3,845,607</u>	<u>2,046,306</u>

10 Creditors: amounts falling due after more than one year	2018 £	2017 £
Bank loans	51,342,000	47,880,000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	2,452,075
Deferred tax liability (see note 11)	6,458,585	5,428,206
	<u>57,800,585</u>	<u>55,760,281</u>

Bank loans are secured on the freehold property included within investment property. Interest is charged on the bank loan at 1.85% plus 3-month Libor.

Bank loans are repayable as follows:

<b>Bank loans</b>		
Between two and five years	<u>51,342,000</u>	<u>47,880,000</u>

# SC WALMGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Deferred taxation

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

	£	
At 1 September 2017	(5,402,895)	
Charged to Profit and loss account	(917,017)	
At 31 August 2018	(6,319,912)	
	2018	2017
	£	£
Tax losses available (included in debtors, note 8)	138,673	25,311
Fixed asset timing differences (included in creditors, note 10)	(6,458,585)	(5,428,206)
	(6,319,912)	(5,402,895)

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

### 12 Called-up share capital

	2018	2017
	£	£
Allotted, called-up and fully-paid		
1 Ordinary share of £1 each	1	1

### 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 Investments Holdco Limited, a Company registered in England and Wales. The company's results are included in the consolidated financial statements of Student Castle Investments Holdco 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 Investments Holdco 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 influence over Student Castle Investments Holdco Limited.

# **SC WALMGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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.