

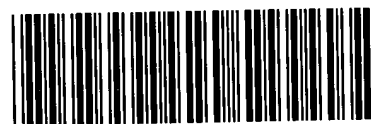
SC WALMGATE LIMITED

COMPANY NUMBER 08047343 (ENGLAND AND WALES)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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SC WALMGATE LIMITED

COMPANY INFORMATION

Directors	Mr J Singh Mr D Mathewson Mr M McIlhagger
Company number	08047343
Registered office	Kintyre House 70 High Street Fareham Hampshire PO16 7BB United Kingdom
Independent auditor	KPMG Channel Islands Limited Statutory Auditor 37 Esplanade St. Helier Jersey
Business address	16 D'Arblay Street London W1F 8EA
Solicitor	Bryan Cave Leighton Paisner LLP Governors House 5 Laurence Pountney Hill London EC4R 0BR
Bankers	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 2021

The directors present their Directors' report and audited financial statements for the year ended 31 August 2021. 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 £7,221,283 (2020: loss of £5,943,216). No interim dividends were paid during the year (2020: £Nil). The directors did not recommend the payment of a final dividend (2020: £nil).

Directors

The following directors have held office since 1 September 2020 to the date of signing:

Mr J Singh
Mr D Mathewson
Mr M McIlhagger

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law. 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 year. 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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.

SC WALMGATE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the company to be equivalent to those facing the group, Student Castle Investments Holdco Limited, as outlined within the Strategic report accompanying those consolidated financial statements for the year ended 31 August 2021, which are publicly available, see note 15.

Going concern

On 5 November 2020, England entered into a second lockdown for 4 weeks, with a further lockdown in January 2021 which lasted until 8 March 2021, when restrictions began to be gradually lifted. As of 19 July 2021, the United Kingdom (UK) government lifted most lawful restrictions related to Covid-19. With an improvement in the COVID situation, the Company is experiencing greater normalcy for the Purpose Built Student Accommodation segment in the UK in the 2021/22 academic year, with current occupancy levels at 100% and universities remaining open.

As of 20 December 2021, approximately 70% of the population have been fully vaccinated in the UK. Approximately 42% of the UK population have also received a booster in order to protect against the newer Omicron variant of Covid-19. There are currently no border restrictions imposed by the UK government and so travel to the UK remains possible.

The Company acknowledge that there remains an uncertainty over the future impact of Covid-19, however the Company has seen good progress on bookings for the 2022/23 academic year, with booking occupancy at 68% as at 13 December 2021, compared to 8% at the same point a year ago for the 2021/22 academic year. With the stronger occupancies, revenues are expected to exceed pre-COVID 19 levels for Academic Year and the Company is in a net asset position and continues to be supported by the parent company.

As at 31 August 2021, the Company is in a net current liability position of £50,080,913 (2020: £52,102,445). This is primarily due to the loans owed to group undertakings of £58,901,963. The parent company of immediate parent entity; Student Castle Investments Holdco Limited has provided a letter of undertaking stating that the amounts owed will not be recalled within the next 12 months.

Due to the above factors, the Directors do not believe there to be uncertainty over the going concern of the Company.

Brexit

Further uncertainty arises due to the United Kingdom's withdrawal from the European Union ("Brexit") which may affect the International student market in the UK, which is a key source of revenue for the Company. EU students who arrived in the UK before 31 December 2020 are able to register for the EU Settlement Scheme which allows those students to remain in the UK and continue their studies as well as being eligible for 'home fee status' which means that they do not have to pay the increased international student fees and this remains for the duration of their course.

Those arriving in the UK after 1 January 2021, who started their course before 31 July 2021 are still eligible for the 'home fee status' but are required to obtain a visa in order to study. Those arriving after the 1 January but not starting their course until after 1 August 2021 are required to obtain a visa as well as attracting the higher international fees.

This could mean a decrease in EU students choosing to study in the UK, however, the majority of the Company's international students are from countries from outside of the EU, so this is not expected to have a significant impact on revenue.

SC WALMGATE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Post balance sheet events

There are no significant events since the balance sheet date which require adjustment to or disclosure in the financial statements.

Auditors

Pursuant to Section 487 of the Companies Act 2006, KPMG Channel Islands Limited will be deemed to be reappointed and will therefore continue in office.

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



.....
Mr D Mathewson

Director

Date: 7 January 2022

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SC WALMGATE LIMITED

Our opinion

We have audited the financial statements of SC Walmgate Limited (the "Company"), which comprise the Balance Sheet as at 31 August 2021 and the Statement of Income and Retained Earnings for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of the Company's profit for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC WALMGATE LIMITED

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC WALMGATE LIMITED

The directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you 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 take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

SC WALMGATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC WALMGATE LIMITED

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's member, 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 member 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 its member, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Hunt (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants

Jersey

Date: 7 January 2022

SC WALMGATE LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS****FOR THE YEAR ENDED 31 AUGUST 2021**

		2021	2020
		£	£
	Note		
Turnover	3	4,169,649	3,175,947
Gross profit		4,169,649	3,175,947
Administrative expenses		(88,890)	(148,867)
Operating profit		4,080,759	3,027,080
Gain / (loss) on revaluation of investment property	7	9,940,000	(7,195,000)
Interest payable and similar charges	5	(1,889,546)	(1,818,238)
Profit / (loss) before tax		12,131,213	(5,986,158)
Tax (charge) / credit	6	(4,909,930)	42,942
Profit / (loss) after tax		7,221,283	(5,943,216)
 Retained earnings at 1 September		 24,493,096	 30,436,312
 Retained earnings at 31 August		 31,714,379	 24,493,096

The Statement of 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 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	7		93,400,000		83,460,000
Investments	8		1		1
			<u>93,400,001</u>		<u>83,460,001</u>
Current assets					
Debtors	9	8,791,558		4,887,368	
Cash at bank and in hand		95,709		9,495	
		<u>8,887,267</u>		<u>4,896,863</u>	
Creditors: amounts falling due within one year	10	(58,968,180)		(56,999,308)	
Net current liabilities			(50,080,913)		(52,102,445)
Total assets less current liabilities			<u>43,319,088</u>		<u>31,357,556</u>
Creditors: amounts falling due after more than one year	11		(11,604,708)		(6,864,459)
Net assets			<u>31,714,380</u>		<u>24,493,097</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		31,714,379		24,493,096
Shareholder's funds			<u>31,714,380</u>		<u>24,493,097</u>

The financial statements of SC Walmgate Limited, registered number: 08047343, were approved and authorised for issue by the Board on 7 January 2022.

Signed on behalf of the Board



Mr D Mathewson
Director

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1. Standards in issue but not yet effective

At the date of approval of these financial statements, the following Standards were not applied in these financial statements:

- Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union (issued December 2020)

The Directors have considered the above new standards and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or that they would not have a material impact on the Company's financial statements.

There have been no new standards adopted in the year which have a significant impact on the Company's financial statements.

1.2. General information and basis of accounting

SC Walmgate Limited is a company incorporated in the United Kingdom under the Companies Act 2006.

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 3.

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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The functional currency of SC Walmgate Limited is 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 personnel. SC Walmgate Limited is consolidated in the financial statements of Student Castle Investments Holdco Limited which may be obtained at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

1.3. 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.

1.4. Going concern

On 5 November 2020, England entered into a second lockdown for 4 weeks, with a further lockdown in January 2021 which lasted until 8 March 2021, when restrictions began to be gradually lifted. As of 19 July 2021, the United Kingdom (UK) government lifted most lawful restrictions related to Covid-19. With an improvement in the COVID situation, the Company is experiencing greater normalcy for the Purpose Built Student Accommodation segment in the UK in the 2021/22 academic year, with current occupancy levels at 100% and universities remaining open.

As of 20 December 2021, approximately 70% of the population have been fully vaccinated in the UK. Approximately 42% of the UK population have also received a booster in order to protect against the newer Omicron variant of Covid-19. There are currently no border restrictions imposed by the UK government and so travel to the UK remains possible.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4. Going concern (continued)

The Company acknowledge that there remains an uncertainty over the future impact of Covid-19, however the Company has seen good progress on bookings for the 2022/23 academic year, with booking occupancy at 68% as at 13 December 2021, compared to 8% at the same point a year ago for the 2021/22 academic year. With the stronger occupancies, revenues are expected to exceed pre-COVID 19 levels for Academic Year and the Company is in a net asset position and continues to be supported by the parent company.

As at 31 August 2021, the Company is in a net current liability position of £50,080,913 (2020: £52,102,445). This is primarily due to the loans owed to group undertakings of £58,901,963. The parent company of immediate parent entity; Student Castle Investments Holdco Limited has provided a letter of undertaking stating that the amounts owed will not be recalled within the next 12 months.

Due to the above factors, the Directors do not believe there to be uncertainty over the going concern of the Company.

1.5. Investment properties

Investment properties comprise residential buildings that are held for long-term rental yields.

Investment properties are initially recognised at cost and subsequently measured at fair value. Any gains or losses arising from the changes in their fair values are taken to the statement of income and retained earnings.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written-off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the statement of income and retained earnings when incurred.

1.6. Investments

Fixed asset investments are included in the Company's Balance Sheet at cost less provision for diminution in value.

1.7. 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 2021

1. Accounting policies (continued)

1.8. 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.

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

1.9. Turnover

Turnover represents lease income from lease contracts and is recognised on a straight line basis over the lease term. Turnover is stated net of VAT and is wholly derived from the United Kingdom.

1.10. Administrative expenses

Administrative expenses comprise mainly of legal and professional fees, audit fees and insurance. Expenses are accounted for on an accruals basis and recognised in the statement of income.

1.11. Wages and Directors' remuneration

The Company has no employees. The directors are not remunerated by the Company. Directors who resigned in the prior year were remunerated by Student Castle Property Management Services Limited, and newly appointed Directors are remunerated by subsidiaries of the parent company that are outside the Student Castle Group, for services rendered to SC Walmgate Limited.

1.12. 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.

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.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.12. Financial instruments (Continued)

- 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.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

Critical accounting judgements

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Classification of leases

The Directors' have applied critical accounting judgements on the classification of the intercompany lease on the investment property with the subsidiary, SC Walmgate Management Limited. The Directors have recognised the lease as an operating lease due to the fact that, at inception, the annual lease payments are variable per the contractual terms. Therefore, the present value of the minimum lease payments at inception cannot be calculated and therefore cannot be accounted for as a finance lease.

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 the Statement of Income and Retained Earnings. A third party valuation has been carried out by Cushman & Wakefield Debenham Tie Leung Limited (RCIS regulated), an independent property consultancy. The valuations performed by Cushman & Wakefield Debenham Tie Leung Limited are based on a discounted cash flow model. The valuation conforms to International Valuation Standards and has specifically been assessed in accordance with the Current Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards.

Key inputs used in the valuations:

- Information provided by the Group, including current rents, occupancy rates, operating costs, terms and conditions of leases and nomination agreements, capital expenditure, etc. This information is derived from the Group's financial systems and is subject to the Group's overall control environment.
- Assumptions and valuation models used by the valuers, which are typically market related, such as yield and discount rates. These are based on their professional judgement and market observation.

The determined fair value of the investment property is most sensitive to the estimated yield. The yield used in the model is within the typical ranges reported by a number of industry sources.

The total valuation of the property by Cushman & Wakefield is £93,400,000 (2020: £83,460,000).

For the year ended 31 August 2020, full RICS valuations were performed by Cushman & Wakefield Debenham Tie Leung Limited and there is no fundamental change in valuation technique adopted compared to current year.

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.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3. Turnover	2021	2020
	£	£
Commissions	24,788	24,389
Intercompany rental income	4,144,861	3,151,558
	<u>4,169,649</u>	<u>3,175,947</u>

4. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

Fees payable to the Company's auditor for the audit of the Company's annual financial statements

	12,384	12,790
Total audit fees	<u>12,384</u>	<u>12,790</u>

5. Interest payable and similar charges

	2021	2020
	£	£
On bank loans and overdrafts	-	405,408
Interest payable on amounts owed to group undertakings	1,889,386	1,327,173
Other finance costs charged by group undertakings	-	7,673
Bank charges	160	77,984
	<u>1,889,546</u>	<u>1,818,238</u>

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6. Tax charge / (credit)	2021 £	2020 £
The tax charge /(credit) comprises:		
Current tax:		
UK corporation tax on profits for the period	349,811	389,194
Adjustment in respect of previous periods	(180,130)	-
Total current tax charge	169,681	389,194
Deferred tax:		
Origination and reversal of timing differences	1,955,119	(1,290,559)
Effect of changes in tax rates	2,785,130	858,423
Total deferred tax charge /(credit) (see note 12)	4,740,249	(432,136)
Total tax charge / (credit)	4,909,930	(42,942)
The total tax charge / (credit) for the year can be reconciled to the profit /(loss) per the income statement as follows:		
Profit / (loss) before tax	12,131,213	(5,986,158)
Tax on profit / loss at standard UK corporation tax rate of 19.00% (2020: 19.00%)	2,304,930	(1,137,370)
Effects of:		
Expenses not deductible for tax purposes	-	(1)
Transfer pricing adjustments	-	346
Deferred tax not provided for	-	235,661
Adjustments to tax charge in respect of previous years	(180,130)	-
Effect of changes of tax rate	2,785,130	858,423
Total tax charge / (credit) for year	4,909,930	(42,942)

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

7. Tangible fixed assets

	Investment Property £	Website development costs £	Total £
Cost or valuation			
At 1 September 2020	83,460,000	177,986	83,637,986
Gain on revaluation	9,940,000	-	9,940,000
Additions	-	-	-
At 31 August 2021	93,400,000	177,986	93,577,986
Depreciation			
At 1 September 2020	-	177,986	177,986
Charge for the year	-	-	-
At 31 August 2021	-	177,986	177,986
Net book value			
At 31 August 2021	93,400,000	-	93,400,000
At 31 August 2020	83,460,000	-	83,460,000

The investment property included in the accounts relates to student accommodation developed in York. The valuation of £93,400,000 recognised in these financial statements were valued by Cushman & Wakefield Debenham Tie Leung Limited, an entity registered with the Royal Institute of Chartered Surveyors, at 31 August 2021. See note 2 for further details on the valuation.

8. Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 September 2020	1
At 31 August 2021	1
Net book value	
At 31 August 2021	1
At 31 August 2020	1

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

SC Walmgate Management Limited is directly owned by SC Walmgate Road 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 2021

9. Debtors

	2021 £	2020 £
Trade debtors	1,925	-
Amounts owed by group undertakings and undertakings in which the company has a participating interest	8,785,336	1,733,374
Other debtors	1	142
Prepayments and accrued income	4,296	3,153,852
	<u>8,791,558</u>	<u>4,887,368</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	3,540	3,681
Amounts owed to group undertakings	58,901,963	55,404,177
Other creditors	33,564	13,881
Other taxes and social security	2,670	20,384
Accruals	26,443	1,346,325
Deferred income	-	1,796
Corporation tax	-	209,064
	<u>58,968,180</u>	<u>56,999,308</u>

Amounts owed to group undertakings include loans of £51,342,000 from Student Castle Investments Holdco Limited on which 3.68% interest is charged and is repayable on demand.

Other amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Deferred tax liability (see note 12).	11,604,708	6,864,459
	<u>11,604,708</u>	<u>6,864,459</u>

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

12. Deferred taxation

The deferred tax liability is made up as follows:

	Deferred tax £	
At 1 September 2020		(6,864,459)
Charged to Profit and loss account during the year		(4,740,249)
Balance at 31 August 2021		(11,604,708)
	2021 £	2020 £
Fixed asset timing differences (included in creditors, note 11)	(319,658)	(176,421)
Timing differences on revaluation of investment properties (included in creditors, note 11)	(11,285,050)	(6,688,038)
	(11,604,708)	(6,864,459)

The net deferred tax liability amount expected to reverse in 2022 is £nil.

In the March 2021 budget, the UK Government announced that from 1 April 2023, the corporation tax rate would increase to 25% from 19%. This was substantively enacted on 10 June 2021, therefore deferred tax has been measured at the rate of 25%.

13. Called-up share capital

	2021 £	2020 £
Allotted, called-up and fully-paid		
1 Ordinary share of £1 each	1	1
	1	1

The ordinary shares carry equal voting rights.

14. Reserves

Profit and loss account – this reserve records retained earnings and accumulated losses.

15. Control

The direct parent entity is Student Castle Developments Limited whose registered address is the same as Student Castle Investments Holdco Limited stated below. The ultimate controlling party is Singapore Press Holdings Limited, a company incorporated in Singapore and listed on the Singapore stock exchange.

The company's results are included in the consolidated financial statements of Student Castle Investments Holdco Limited, whose financial statements can be obtained from their registered address at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB. This is the smallest group into which the results of the company are consolidated.

SC WALMGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

16. 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.

17. Post balance sheet events

There are no significant events since the balance sheet date which require adjustment to or disclosure in the financial statements.