

Company number 11523248

SIGMA PRS INVESTMENTS (NEWHALL II) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020



ANNUAL REPORT AND FINANCIAL STATEMENTS

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COMPANY INFORMATION

Directors	Graham Barnet (resigned 23 December 2020) Malcolm Briselden Leanne McBurney (appointed 21 September 2020) Katy Ramsey (appointed 17 August 2020) Graeme Reay Michael Scott Matthew Townson
Company Number	11523248
Registered Office	Floor 3, 1 St. Ann Street Manchester M2 7LR
Auditor	BDO LLP 55 Baker Street London W1U 7EU

DIRECTORS' REPORT

The Company was incorporated on 17 August 2018.

The directors present their report with the audited financial statements for the 9 month period ended 30 September 2020 which aligns the Company's year end with the ultimate parent company's revised year end. The prior first reporting period is 16 months and 13 days which aligned the Company's year end with its ultimate parent company.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and accordingly no strategic report has been provided.

Principal activity

The principal activity of the Company is the investment in property for private rental sector.

Directors

The directors who served during the period are listed on page 2.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period, which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable understandable information; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Awareness of relevant audit information

At the date of signing of this report and insofar as each of the directors is aware:

- there is no relevant audit information of which the auditor is unaware
- the directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Coronavirus

Coronavirus remains a real and existing risk which requires careful monitoring and management in order to mitigate the likely issues as much as possible pending the restoration of a more normal working and living environment. As one would expect the Company will continue to objectively review and assess the impact of the coronavirus outbreak and government response on both its strategy and focus of activities. Importantly, however, the pandemic will ultimately pass and the Company is well placed to thrive thereafter.

Brexit

At the end of December 2020, the UK exited the European Union. Although the Company does not export to the EU, Brexit has a number of potential impacts on the business including the economic and market impact of leaving the EU. As at the balance sheet date there has been no material impact of Brexit on the Company but the Board and management continue to monitor the situation.

Going concern

The directors have a reasonable expectation that there are 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.

Auditor

A resolution to re-appoint BDO LLP as auditor for the ensuing year will be proposed at the next Annual General Meeting.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the board



Malcolm Briselden
Director

24 June 2021

INDEPENDENT AUDITOR'S REPORT
to the shareholders of Sigma PRS Investments (Newhall II) Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its result for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sigma PRS Investments (Newhall II) Limited for the period ended 30 September 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONT.)
to the shareholders of Sigma PRS Investments (Newhall II) Limited

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial period 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 material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONT.)
to the shareholders of Sigma PRS Investments (Newhall II) Limited

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. Our audit procedures were designed to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, financial reporting legislation, the Companies Act 2006, distributable profits legislation and UK pensions and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Our tests included, but not limited to:

- Discussion among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Review of board and committee meeting minutes;
- Enquiries with management;
- Enquiries where required of external legal advisors;
- Review of correspondence with external legal advisors; and
- Review of external press releases.

There are inherent limitations in the audit procedures described above and, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in

INDEPENDENT AUDITOR'S REPORT (CONT.)
to the shareholders of Sigma PRS Investments (Newhall II) Limited

the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

Timothy West

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Timothy West (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

Date: 25 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SIGMA PRS INVESTMENTS (NEWHALL II) LIMITED
Period ended 30 September 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period from 1 January 2020 to 30 September 2020 £	Period from 17 August 2018 to 31 December 2019 £
Revenue		-	-
Cost of sales		-	-
Operating Profit		-	-
Unrealised gain on revaluation of investment property			
Profit on ordinary activities before tax			
 Taxation	 4	 -	 -
Result on total comprehensive income for the period		-	-

All the company's activities are classed as continuing and there are no recognised gains and losses other than those included in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

SIGMA PRS INVESTMENTS (NEWHALL II) LIMITED
Period ended 30 September 2020

STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2020 £	31 December 2019 £
Current assets			
Debtors	5	100	3,013,396
Cash and cash equivalents		-	-
		<u>100</u>	<u>3,013,396</u>
Creditors: amounts falling due within one year	6	-	(3,013,296)
Net current assets		100	100
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	7	100	100
Retained earnings		-	-
Shareholders' funds		<u>100</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.

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

The financial statements on pages 9 to 14 were approved and authorised for issue by the Board of Directors on 24 June 2021 and were signed on its behalf by:



Malcolm Briselden
Director

Registered number 11523248

SIGMA PRS INVESTMENTS (NEWHALL II) LIMITED
Period ended 30 September 2020

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £	Retained earnings £	Total equity £
2019			
Comprehensive Income			
Profit for the period		-	-
Share capital issued during the period	100		100
Balance at 31 December 2019	<u>100</u>	<u>-</u>	<u>100</u>
2020			
Comprehensive Income			
Profit for the period		-	-
Balance at 30 September 2020	<u>100</u>	<u>-</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Sigma PRS Investments (Newhall II) Limited ("the Company") is a private company limited by shares incorporated and domiciled in the UK. The registered office address is Floor 3, 1 St Ann Street, Manchester, M2 7LR.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As at 30 September 2020, the company's ultimate parent undertaking was Sigma Capital Group plc, and included the Company in its consolidated financial statements. The consolidated financial statements of Sigma Capital Group plc, are prepared in accordance with IFRS and are available to the public and may be obtained from www.sigmacapital.co.uk.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- related party transactions.

As the consolidated financial statements of Sigma Capital Group plc included the equivalent disclosures, the Company has also taken the exemption under FRS101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS Financial Instrument Disclosures.

Measurement convention

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern

The directors have reviewed the trading prospects and projected cash flows of the business and on that basis the directors have a reasonable expectation that there are 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgements.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Operating profit

Auditor's remuneration was borne by a fellow group company in the current period.

4. Taxation

No liability for corporation tax arises on the result for the current period.

5. Debtors

	30 September 2020 £	31 December 2019 £
Other debtors	100	100
Amounts due from parent company	-	3,013,296
	<u>100</u>	<u>3,013,396</u>

6. Creditors

	30 September 2020 £	31 December 2019 £
Amounts due to other group undertakings	-	3,013,296
	<u>-</u>	<u>3,013,296</u>

7. Called up share capital

	2020 £
Authorised: 100 Ordinary Shares of £1 each	<u>100</u>
Allotted and not paid: 100 Ordinary Shares of £1 each	<u>100</u>

All ordinary shares carry the same voting rights.

During prior the period 100 ordinary shares having a nominal value of £1 was allotted for consideration of £100.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. **Ultimate controlling party**

The ultimate parent company and the ultimate controlling party is Sigma Capital Group plc, a company incorporated in England. The consolidated financial statements of Sigma Capital Group plc are available to the public and may be obtained from www.sigmacapital.co.uk.

9. **Related party relationships and transactions**

As at 30 September 2020 the Company was a subsidiary undertaking of Sigma Capital Group plc and has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other members of the group headed by Sigma Capital Group plc.

10. **Post balance sheet events**

On 7 May 2021, the entire share capital of the Company was acquired by the PRS REIT (SW II Borrower) Limited. The ultimate parent company and ultimate controlling party of The PRS REIT (SW II Borrower) Limited is The PRS REIT plc, a company incorporated in England. The consolidated financial statement of The PRS REIT plc are available to the public and may be obtained from www.theprsreit.com.

Coronavirus

Coronavirus remains a real and existing risk which requires careful monitoring and management in order to mitigate the likely issues as much as possible pending the restoration of a more normal working and living environment. As one would expect the Company will continue to objectively review and assess the impact of the coronavirus outbreak and government response on both its strategy and focus of activities. Importantly, however, the pandemic will ultimately pass and the Company is well placed to thrive thereafter.

Brexit

At the end of December 2020, the UK exited the European Union. Although the Company does not export to the EU, Brexit has a number of potential impacts on the business including the economic and market impact of leaving the EU. As at the balance sheet date there has been no material impact of Brexit on the Company but the Board and management continue to monitor the situation.