

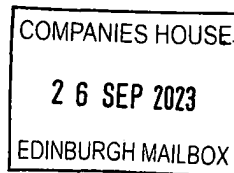
**3 St Andrew Square
Apartments Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number SC108543



3 St Andrew Square Apartments Limited

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3 St Andrew Square Apartments Limited

Statutory Information For the year ended 31 December 2022

| | |
|----------------------------|---|
| Directors | C S Murray M A R Blyth D A Stewart |
| Registered office | 1 George Street Edinburgh EH2 2LL |
| Independent auditor | Corrigan Accountants Limited First Floor 25 King Street Bristol United Kingdom BS1 4PB |

3 St Andrew Square Apartments Limited

Directors' Report For the year ended 31 December 2022

The directors submit the audited Annual Report and the Financial Statements of 3 St Andrew Square Apartments Limited ("the Company"), registered number SC108543, for the year ended 31 December 2022.

Incorporation

The company was incorporated on 6 January 1988 and is a private company limited by shares, incorporated, registered and domiciled in the United Kingdom.

Principal activity

On 19 December 2017 the Company entered into a 125 year lease from Standard Life Assurance Limited ("SLAL") relating to residential apartments at 3 St Andrew Square, Edinburgh.

Business review

The Company made a profit of £17,402 for the year ended 31 December 2022 (2021: £10,669). The directors do not recommend the payment of a dividend for the year (2021: £Nil).

Given the uncomplicated nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

The principal risks to which the Company is most specifically exposed are credit risk, liquidity risk and operational risk. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report and financial statements which does not form part of this report. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

Independent Auditor

Corrigan Accountants Limited were appointed as auditors for the year ended 31 December 2022.

Future outlook

The Company has entered into a long term turnover lease to lease and manage the apartments at the property.

Financial risk management

The Company manages its various financial risks as outlined in note 8 of the financial statements.

3 St Andrew Square Apartments Limited

Directors' Report For the year ended 31 December 2022 (continued)

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

C S Murray
M A R Blyth
D A Stewart

Employees

The Company has no employees, other than the directors.

Going concern

Following the initial recovery of the economy from the COVID-19 pandemic, the UK is currently experiencing heightened uncertainty due to a number of factors. The UK continues to experience inflationary pressures against the backdrop of a faltering economy and concerns over the rising cost of energy, following the ongoing war in Ukraine. The Bank of England has sought to address this by increasing interest rates, while the government has stepped in to insulate households and businesses from some of the increase in wholesale energy prices. Financial markets remain under close watch after a period of disruption and resulting volatility, but the UK government has managed to restore confidence in their ability to manage public finances.

Whilst the UK economy narrowly avoided falling into recession in 2022, the economic outlook for the next 12 months remains muted. Continued industrial action in the public sector, coupled with the prolonged hostilities in Ukraine and a weak consumer economy are also likely to impact economic performance. This could lead to higher costs for the Company and a greater risk of tenant insolvency.

During the course of the year, the Company's revenue streams have remained robust but the directors will continue to closely analyse and review the economic environment impact on the Company and will take appropriate action as required.

The financial statements have been prepared on a going concern basis as the directors expect that the Company will continue in business for at least 12 months from the date of signing these financial statements. Further information is provided in note 2.

Statement of disclosure of information to the auditor

So far as each director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of the Company's auditor, each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

3 St Andrew Square Apartments Limited

Directors' Report For the year ended 31 December 2022 (continued)

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards.

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards;
- 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.

Small companies provision

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

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



.....
David Stewart
Director

Date: 25 September 2023

3 St Andrew Square Apartments Limited

Independent Auditor's Report to the Members of 3 St Andrew Square Apartments Limited

Opinion

We have audited the financial statements of 3 St Andrew Square Apartments Limited (the "Company") for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

3 St Andrew Square Apartments Limited

Independent Auditor's Report to the Members of 3 St Andrew Square Apartments Limited (continued)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

Matters on which we are required to report by exception

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, 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.

3 St Andrew Square Apartments Limited

Independent Auditor's Report to the Members of 3 St Andrew Square Apartments Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the sector in which it operates. We identify the areas of those legal and regulatory frameworks which could reasonably be expected to have a material effect on the financial statements, based on our experience and through discussion with management.

We assessed compliance with these laws and regulations through enquiry of management and the directors, and review of the Company's related internal reporting such as legal costs which may indicate non-compliance with laws and regulations.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including the risk of fraud in revenue recognition and management override of controls, we have performed journals testing based on a set of risk criteria and tested to supporting documentation where applicable. Audit procedures also included detailed transactional testing with a particular focus around the year-end cut off procedures.

3 St Andrew Square Apartments Limited

Independent Auditor's Report to the Members of 3 St Andrew Square Apartments Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx> This description forms part of our auditor's report.

Corrigan Accountants Limited

.....
Stuart Crisp BSc FCA (Senior Statutory Auditor)

For and on behalf of Corrigan Accountants Limited, Statutory Auditor

First Floor

25 King Street

Bristol

United Kingdom

BS1 4PB

Date: 25 September 2023

3 St Andrew Square Apartments Limited

Statement of Comprehensive Income For the year ended 31 December 2022

| | | 2022 £ | 2021 £ |
|---|------------------|----------------------|----------------------|
| Revenue | Note 4 | 277,959 | 255,704 |
| Expenses | | | |
| Management Fee | | (33,315) | (36,717) |
| Insurance | | (4,715) | (9,240) |
| Service charge and sundries | | <u>(25,087)</u> | <u>(78,027)</u> |
| Total expenses | | <u>(63,117)</u> | <u>(123,984)</u> |
| Profit before turnover rent and taxation | | <u>214,842</u> | <u>131,720</u> |
| Turnover rent cost | | <u>(193,358)</u> | <u>(118,548)</u> |
| Profit before taxation | | <u>21,484</u> | <u>13,172</u> |
| Taxation | 7 | <u>(4,082)</u> | <u>(2,503)</u> |
| Total comprehensive income for the year | | <u><u>17,402</u></u> | <u><u>10,669</u></u> |

All amounts were derived from continuing operations.

The notes from pages 13 to 23 form an integral part of the financial statements.

3 St Andrew Square Apartments Limited

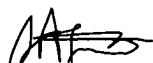
Registered number: SC108543
Statement of Financial Position

As at 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Leasehold asset | 9 | 35 | 36 |
| Current assets | | | |
| Receivables and other financial assets | 11 | 10,601 | 48,181 |
| Cash and cash equivalents | 13 | 273,252 | 211,452 |
| | | <u>283,853</u> | <u>259,633</u> |
| Total assets | | <u>283,888</u> | <u>259,669</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Leasehold obligation | 8 | (34) | (35) |
| Current liabilities | | | |
| Payables and other financial liabilities | 12 | <u>(224,920)</u> | <u>(218,102)</u> |
| Total liabilities | | <u>(224,954)</u> | <u>(218,137)</u> |
| Net assets | | <u>58,934</u> | <u>41,532</u> |
| Equity | | | |
| Share capital | 14 | 100 | 100 |
| Retained earnings | 15 | <u>58,834</u> | <u>41,432</u> |
| Total equity | | <u>58,934</u> | <u>41,532</u> |

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

The financial statements on pages 9 to 23 were approved and authorised for issue by the board and were signed on its behalf by:



David Stewart
Director

Date: 25 September 2023

The notes from pages 13 to 23 form part of an integral part of the financial statements.

3 St Andrew Square Apartments Limited

Statement of Changes in Equity For the year ended 31 December 2022

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|--------------------|---------------------------|-------------------|
| At 1 January 2022 | 100 | 41,432 | 41,532 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 17,402 | 17,402 |
| Total comprehensive income | - | 17,402 | 17,402 |
| At 31 December 2022 | 100 | 58,834 | 58,934 |

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|--------------------|---------------------------|----------------------|
| At 1 January 2021 | 100 | 30,763 | 30,863 |
| Comprehensive Income for the year | | | |
| Profit for the year | - | 10,669 | 10,669 |
| Total comprehensive income | - | 10,669 | 10,669 |
| At 31 December 2021 | 100 | 41,432 | 41,532 |

The notes from pages 13 to 23 form part of an integral part of the financial statements.

3 St Andrew Square Apartments Limited

Statement of Cash Flows For the year ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 17,402 | 10,669 |
| Net change in receivables and other financial assets | 11 | 37,580 | (31,380) |
| Net change in payables and other financial liabilities | 12 | <u>6,818</u> | <u>68,354</u> |
| Net cash flow from operating activities | | <u>61,800</u> | <u>47,643</u> |
| Net increase in cash and cash equivalents | | 61,800 | 47,643 |
| Cash and cash equivalents at 1 January | | <u>211,452</u> | <u>163,809</u> |
| Cash and cash equivalents at 31 December | 13 | <u>273,252</u> | <u>211,452</u> |

The notes from pages 13 to 23 form part of an integral part of the financial statements.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022

1 General information

3 St Andrew Square Apartments Limited ("the Company") is a private company limited by shares, incorporated, registered and domiciled in the United Kingdom under the Companies Act. Its registered address is 1 George Street, Edinburgh, EH2 2LL.

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

On 19 December 2017, the Company entered into a 125 year lease from Standard Life Assurance Limited ("SLAL") relating to residential apartments at 3 St Andrew Square, Edinburgh with the agreed rent of £1 per annum plus turnover rent equating to 90% of turnover income less deductions.

2 Accounting policies

Basis of preparation of financial statements

The Company's Financial Statements have been prepared on a going concern basis, under the historic cost convention and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the UK, with interpretations issued by the International Financial Reporting Standards Interpretations Committee and with those parts of the Companies Act applicable to companies reporting under IFRS.

The presentational currency of the Company is Pound Sterling, all values within the Annual Report and Financial Statements are rounded to the nearest whole pound.

The principal accounting policies set out below have been consistently applied to all financial reporting periods presented in these Financial Statements unless otherwise stated.

Going concern

The Financial Statements have been prepared on a going concern basis as the directors expect that the Company will continue in business for at least 12 months from the date of signing these Financial Statements.

Following the initial recovery of the economy from the COVID-19 pandemic, the UK is currently experiencing heightened uncertainty due to a number of factors. The UK continues to experience inflationary pressures against the backdrop of a faltering economy and concerns over the rising cost of energy, following the ongoing war in Ukraine. This could lead to higher costs for the Company and a greater risk of tenant insolvency.

The directors of the Company have examined significant areas of possible financial risk up to 30 September 2024, including the impact of current economic environment mentioned above. The Company's rent collection has remained robust during the year.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern (continued)

The Company has secured leases for 2023 for its properties. The Company's principal expense, turnover rent cost, is variable and based on turnover. Any shortfall in forecast turnover is therefore largely offset by a reduction in turnover rent cost. The remaining net income generated by the Company, taking into account the heightened uncertainty mentioned above, is forecast to remain sufficient to cover all other remaining operational costs and may provide a buffer cash balance for the Company. In reasonably possible downside forecast scenarios of reduced rental income the Company continues to forecast sufficient liquidity.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements, in conformity with IFRS, requires management to make estimates and exercise judgements in applying the accounting policies that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses arising during the year. The directors have determined that there are no significant judgements.

New and amended standards and interpretations adopted by the Trust

A number of new standards were effective from 1 January 2022 but they had no effect on the Company's Financial Statements.

Early adoption of standards

A number of new standards and amendments to standards are effective from 1 January 2023 and earlier application is permitted. The Company has not early adopted the new or amended standards in preparing these Financial Statements. The standards and amendments to standards do not have a material effect on the Financial Statements.

Revenue recognition

Revenue is recognised as follows:

Rental income from third parties in relation to residential apartments at 3 St Andrew Square, Edinburgh is recognised on an accruals basis.

Expense recognition

Expenditure incurred by the Company is recognised in the month to which it relates. Expenses relating to a month that have not been invoiced are accrued, while invoices received for expenses relating to future months are prepaid.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of the relevant observable inputs and minimising the use of unobservable inputs.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose are predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain premeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

As explained in note 1, the lease also contains an annual rent based on turnover. The turnover rent element is not considered in the determination of the lease liability and corresponding asset. Consequently, the assessment of the asset and liability takes account of the £1 per annum fixed payment only.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's Ordinary shares are classified as equity instruments.

3 Capital management

The capital structure of the Company consists of the shareholders' equity as set out in the Statement of Changes in Equity. All working capital requirements of the Company are financed from the existing cash resources.

The Company has no external debt and therefore has no net debt.

The Company's objectives when maintaining capital are to safeguard its ability to continue as a going concern, so that the Company can provide returns to shareholders and benefits to other stakeholders.

4 Revenue

| | 2022 £ | 2021 £ |
|---------------|----------------|----------------|
| Rental Income | <u>277,959</u> | <u>255,704</u> |

All revenue relates to rental income and is derived in the UK.

5 Auditors' remuneration

Auditor's remuneration of £5,250 in respect of the audit of the Company's financial statements for the year ended 31 December 2022 (2021: £4,750).

6 Employees

The directors are considered to be key management personnel of the Company.

The Company had no employees other than directors in the current or preceding year. No director received any remuneration during the current or preceding year.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

7 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: the same as) of 19% (2021: 19%).

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 21,484 | 13,172 |
| Current taxation at 19% | (4,082) | (2,503) |

No deferred taxation arose during the year (2021: £Nil).

8 Financial risk management and impairment of financial assets

Company overview

The Company's business is leasing residential apartments at 3 St Andrew Square, Edinburgh. The Company is exposed to various financial risks: credit risk, liquidity risk and operational risk. All of the Company's assets and liabilities are denominated in Sterling, and the Company has no significant exposure to interest rate risk. Strategic and group risks are managed by the Group on behalf of the Company.

The financial risks relate to the financial assets and liabilities set out by category in the following table:

Financial assets

The classification of financial assets is as follows:

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| <i>At amortised cost:</i> | | |
| Receivables and other financial assets | 10,601 | 48,181 |
| Cash and short-term deposits | 273,252 | 211,452 |
| Total financial assets | 283,853 | 259,633 |

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

8 Financial risk management and impairment of financial assets (continued)

Financial liabilities

The classification of financial liabilities is as follows:

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| At amortised cost | | |
| Payables and other financial liabilities | 224,919 | 218,101 |
| Leasehold obligation | 35 | 36 |
| Total financial liabilities | 224,954 | 218,137 |

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Company. The Company finances its operations principally through working capital. No speculative transactions are undertaken and, during the last two financial periods, no derivative contracts were transacted. Financial assets include assets of a financial nature, namely trade receivables, cash and cash equivalents.

The Company holds cash and cash equivalents amounting to £273,252 (2021: £211,452), see note 13. There are no financial assets that are past due or impaired.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet its financial obligations. The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs.

A summary table with the maturities of financial assets and liabilities is presented below.

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Financial assets - maturity within one year | | |
| Receivables and other financial assets | 10,601 | 48,181 |
| Financial liabilities - maturity over one year | | |
| Leasehold obligation - one to five years | 5 | 5 |
| Leasehold obligation - more than five years | 29 | 30 |
| | 34 | 35 |
| Financial liabilities - maturity within one year | | |
| Leasehold obligation | 1 | 1 |
| Payables and other financial liabilities | 224,919 | 218,101 |
| | 224,920 | 218,102 |

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

8 Financial risk management and impairment of financial assets (continued)

Operational risk

Operational risk is the risk of loss, or adverse consequences for the Company's business, resulting from inadequate or failed internal processes, people or systems, or from external events.

The assessment of operational risk exposure is performed on an ongoing basis taking into account a combination of impact and likelihood on the Company's performance. The management team review on a regular basis the competitors, changes in legislation, security policy and changes in technological landscape. Appropriate action is taken to ensure exposure is limited based on specific events or actions.

9 Right of use asset

| | £ |
|--|----|
| Cost | |
| At 1 January 2022 and 31 December 2022 | 36 |
| Depreciation | |
| At 1 January 2022 | - |
| Charge for the year | 1 |
| At 31 December 2022 | 1 |
| Carrying amount | |
| At 31 December 2022 | 35 |
| At 31 December 2021 | 36 |

10 Lease liability

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 1 | 1 |
| One to five years | 4 | 4 |
| More than five years | 115 | 116 |
| Total undiscounted lease liabilities | 120 | 121 |

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

11 Receivables and other financial assets

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Trade receivables | 3,006 | 31,925 |
| Amounts due from Standard Life Assurance Limited | - | 1,063 |
| Prepayments | 7,595 | 15,193 |
| | <u>10,601</u> | <u>48,181</u> |

All receivables are expected to be settled within 12 months. The carrying amounts disclosed above are a reasonable approximation of the fair values at the year end. No interest is applied to other financial assets.

Amounts due from Standard Life Assurance Limited are unsecured, interest free and repayable on demand.

12 Payables and other financial liabilities

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Deferred rental Income | 13,993 | 78,866 |
| Accruals | 13,486 | 12,439 |
| Amounts due to Standard Life Assurance Limited | 193,358 | 124,293 |
| Taxation | 4,082 | 2,503 |
| Leasehold obligation | 1 | 1 |
| | <u>224,920</u> | <u>218,102</u> |

All payables are expected to be settled within 12 months. The carrying amounts disclosed above are a reasonable approximation of the fair values at the year end. No interest is applied to other financial liabilities.

Amounts due to Standard Life Assurance Limited are unsecured, interest free and repayable on demand.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

13 Cash and cash equivalents

| | 2022 £ | 2021 £ |
|--------------|----------------|----------------|
| Cash at bank | <u>273,252</u> | <u>211,452</u> |

Interest at a variable rate is applied to cash and cash equivalents. The average variable rate in 2022 was 0% (2021: 0%).

14 Share capital

| | 2022 £ | 2021 £ |
|--|--------------|--------------|
| Authorised share capital: | | |
| 1,000 (2021: 1,000) Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Issued and fully paid share capital: | | |
| 100 (2021: 100) Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

15 Reserves

Retained earnings

Cumulative net gains and losses recognised in the Statement of Comprehensive Income, net of dividends paid and other adjustments.

3 St Andrew Square Apartments Limited

Notes to the Financial Statements For the year ended 31 December 2022 (continued)

16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Standard Life Assurance Limited ("SLAL")

The Company's sole shareholder is SLAL who has invested £100 in the Company.

The parent Company is due an agreed rent of £1 per annum plus turnover rent equating to 90% of turnover income less deductions.

During the year the Company paid to SLAL turnover rent related to prior years. This totalled £193,258 (2021: £118,548).

17 Controlling party

The Company is a subsidiary undertaking of Phoenix Group Holdings plc, incorporated in the United Kingdom. The smallest group in which these financial statements are consolidated is Standard Life Assurance Limited, registered office address Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. Copies of the financial statements of the ultimate controlling party, in which these financial statements are consolidated can be obtained at the registered office of Phoenix Group Holdings plc at 20 Old Bailey, London, EC4M 7AN.