

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED
COMPANY NUMBER: 11242948 (ENGLAND AND WALES)
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

COMPANY INFORMATION

Directors	Mr HS Chua Ms B Young Mr J Singh Mr D Mathewson
Company number	11242948
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

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

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STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their Strategic report on the affairs of the Group for the year ended 31 August 2020. The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole, and therefore gives greater emphasis to those matters which are significant to Student Castle Investments Holdco Limited (the 'Company') and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Company is that of a holding company for the Student Castle Group. The principal activity of the Group continued to be the building, development and leasing of student accommodation.

Acquisition of Student Castle Investments Holdco Limited

On 20 December 2019 the Group was acquired by Straits Ten Pte. Ltd., a subsidiary company of Singapore Press Holdings, a company listed on the Singapore Exchange. Straits Ten Pte. Ltd. acquired Student Castle Investments Holdco Limited along with all of its subsidiary companies.

Review of the business

The Directors report Group turnover of £ 15,042,796 (2019: £12,618,359), cash outflow of £4,752,114 (2019: outflow of £1,617,694) and a loss before tax of £15,238,939 (2019: profit of £76,084,413).

The Group's turnover has increased from £12,618,359 in the prior year to £15,042,796 in the current year. Of the increase, £2,405,132 is attributable to student accommodation rental income and is largely due to the opening of the site in Durham in September 2019. Gross profit has increased from £11,039,552 to £13,142,279 with gross profit margin remaining in line with the prior year at 87% (2019: 87%).

Administrative expenses on continuing operations have increased by £2,433,783 from £6,868,593 to £9,302,376 in the current year. The largest components of this increase are legal and professional fees incurred in relation to the acquisition of the Group by Straits Ten Pte. Ltd. on 20 December 2019.

Other operating income has decreased from £422,351 in the prior year to £73,640 in the current year. In the prior year this income was largely comprised of the management fee income of £391,892 charged to GMS (Parking) Limited, which was disposed of in the prior year and therefore income is no longer received from the entity.

Total Group loss before tax is £15,238,989 (2019: profit of £76,084,413) which is attributable to loss on revaluation of investment property of £5,096,595, loss on disposal of investments of £8,434,362, £5,645,684 of interest payable on bank loans and intercompany loans and the increase in costs relating to the acquisition by Straits Ten Pte Ltd.

Group net assets are £232,395,186 (2019: £251,170,827), including cash of £4,284,877 (2019: £9,036,991). The £18,775,641 decrease in net assets since the prior year is due to the loss recognised during the year.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

The key performance indicators of the Group include its net assets position, profitability, cash flow and occupancy. **The Group's net asset position remains very strong at £232,395,186. The Group's cash flow has been negative** during the year as cash has been utilised to finance new developments, but this should result in future cash inflows as the developments become operational.

Principal risks and uncertainties

Going concern

There is a risk that the demand for student accommodation may be adversely affected by the impact of the Covid-19 pandemic.

Following the UK lockdown which commenced on 23 March 2020, and its impact on universities, Student Castle offered a refund to students deciding to depart before the end of their licence period for the 2019/20 academic year. Approximately 35% of all students took up this option, resulting in total refunds across the group of £2.39m. Of this £2.39m, £1.33m is in the form of cash, with the remaining £1.07m being credited against outstanding or future charges.

Although universities opened as usual for the 2020/21 academic year, there remain a number of risks to Student Castle:

- The risk that a fourth wave of the pandemic might return to the UK resulting in a further lockdown and forcing universities to close again or offer online learning;
- The risk that student numbers will decline following the change to the university experience on offer;
- The risk that the UK introduces travel bans from certain countries which prevent students from entering the UK.

On the 5th November 2020, England entered into a second lockdown for 4 weeks, with a further lockdown in January 2021 which lasted until 8th March 2021, when restrictions began to gradually lift. Universities remained opened during this lockdown and the intention is for universities to remain open for the remainder of the 2020/21 academic year and for the 2021/22 academic year to return to normal.

As of July 2021, the UK has provided a first vaccination to nearly 47 million people and a second vaccination to nearly £35 million people against Covid-19, which should allow the UK to return to some normality in the coming months, with other countries likely to follow which will allow more international travel and therefore the return of international students who have deferred their studies. As of 19 July 2021, the UK government has lifted all lawful restrictions, however some restrictions on international travel still remain.

The Group acknowledge that there remains an uncertainty over the future impact of Covid-19, however the group has not seen a considerable impact on bookings for the 2020/21 academic year, the rollout of the vaccine is making good progress in the UK and the Group is in a net asset position and continues to be supported by the parent company.

As at 31 August 2020, the Group is in a net current liability position of £165,604,660 (2019: net current assets of £14,846,670). This is primarily due to the loans owed to the ultimate parent company of £ 151,805,238 and deferred income of £9,319,575 for which no cash outflow would be required. The parent company; Straits Ten Pte Ltd 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 Group.

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 Student Castle Group. EU students arriving in the UK before 31 December 2020 are able to register for the EU Settlement Scheme which will allow 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.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Brexit (continued)

Those arriving in the UK after 1 January 2021, but start their course before 31 July 2021 will still be eligible for the 'home fee status' but will be 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 will be 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 Group's international students are from countries from outside of the EU, so this is not expected to have a significant impact on revenue.

Other principal risks and uncertainties

Private student accommodation is a highly competitive market, which is a continuing risk to the Group. The Group manages this risk by delivering high quality products and services to its customers, to differentiate itself from the competition.

The demand for student accommodation also poses a risk to the Group, both in relation to current and future developments. The Group manages this risk by carefully considering local demand prior to selecting a site for development and by diversifying its portfolio of student accommodation across the country

Financial risk management and policies

The Group's activities expose it to financial risks including liquidity risk and credit risk.

Liquidity risk

There is currently a liquidity risk due to the COVID-19 pandemic detailed above which has affected cash flow. As at 31 August 2020, the Group is also in a net current liability position of £165,604,660 (2019: net current assets of £14,846,670). This is primarily due to the loans owed to the parent company of £145,825,108. The parent company; Straits Ten Pte Ltd has provided a letter of support and undertaking stating that the amounts owed to them will not be recalled within the next 12 months. The Directors do not believe there to be uncertainty over the going concern of the Group. See note 1 to the financial statements.

Credit risk

The Group's principal financial asset are loans from trade debtors and cash. The financial assets presented in the Balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Future developments

With a new site becoming operational in Oxford in September 2020 and in Brighton in November 2020 for the Student Castle Group, as well as further sites coming under the management of Student Castle Property Management Services Limited in the next 12 months, the Directors expect the general level of activity to increase in the next few years, on the assumption that there is no further disruption to universities opening due to COVID-19 as discussed above.

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



Mr D Mathewson

Director

Date: 23 August 2021

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their **Directors'** report, together with the audited consolidated financial statements, for the year ended 31 August 2020.

Group structure

These financial statements consolidate the accounts of Student Castle Investments Holdco Limited and all its **subsidiary undertakings (the 'Group')**, drawn up to 31 August 2020. See the Strategic Report for further details on the structure of the consolidated accounts presented.

Directors

The following directors have held office since 1 September 2019 to the date of signing:

Mr HS Chua (Appointed 20 December 2019)
Ms B Young (Appointed 20 December 2019)
Mr J Singh (Appointed 20 December 2019)
Mr D Mathewson (Appointed 20 December 2019)
Mr C Cade (Resigned 20 December 2019)
Mr P Morton (Resigned 20 December 2019)
Mrs J Hawthorn (Resigned 20 December 2019)
Mr S Dance (Resigned 20 December 2019)
Mr R Taylor (Resigned 20 December 2019)

Dividends

No interim dividends were paid during the year (2019: £nil) and the directors do not recommend payment of a final dividend (2019: £nil).

Future Developments

Details of future developments can be found in the Strategic Report on page 2.

Going concern

Details of going concern can be found in the Strategic Report on page 2.

Post balance sheet events

Details of post balance sheet events are contained in note 27 to the financial statements.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 3.

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 period. In preparing these financial statements, the directors are required to:

- **select suitable accounting policies** and then apply them consistently;
- **make judgements and accounting estimates that are reasonable and prudent;**
- 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.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Directors' responsibilities statement (continued)

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:

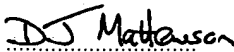
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's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

Auditors

Deloitte LLP resigned as auditor to the Company and KPMG Channel Islands Limited was appointed as auditor to the Group on 3 November 2020. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Channel Islands Limited will therefore continue in office.

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



**Mr D Mathewson
Director**

Date: 23 August 2021

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

Our opinion

We have audited the consolidated financial statements of Student Castle Investments Holdco Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and parent company balance sheet as at 31 August 2020, the consolidated statement of comprehensive income, consolidated and parent company statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 August 2020 and of the Group's loss 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 and Group 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the consolidated financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the strategic report, the directors' report and the other information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the consolidated financial statements; and
- in our opinion those reports have 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 parent 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.

We have nothing to report in these respects.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 4 and 5, the directors are responsible for: the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error; **assessing the Group and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

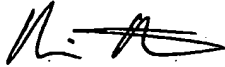
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.**



Brian Bethell (Senior Statutory Auditor)

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

Chartered Accountants

Jersey

Date: 25 August 2021

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Turnover	3	15,042,796	12,618,359
Cost of sales		(1,881,415)	(1,578,807)
Gross profit		<u>13,161,381</u>	<u>11,039,552</u>
Administrative expenses		(9,302,376)	(6,868,593)
Other operating income		54,538	422,351
Operating profit		<u>3,913,543</u>	<u>4,593,310</u>
(Loss) / gain arising on revaluation of investment property	9	(5,096,595)	75,987,974
Impairment in value of investment property		-	(726,115)
Impairment of investments		-	(283,443)
Loss on disposal of investments	11	(8,434,362)	(109,819)
Investment income		-	77,515
Other interest receivable and similar income	5	24,159	1,310,149
Interest payable and similar charges	6	(5,645,684)	(4,765,158)
(Loss) / profit before tax	4	<u>(15,238,939)</u>	<u>76,084,413</u>
Tax charge	7	(3,536,702)	(12,935,224)
(Loss) / profit after tax		<u>(18,775,641)</u>	<u>63,149,189</u>

There was no other comprehensive income in the year.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

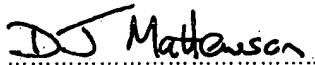
CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	9		430,495,871		398,391,865
Current assets					
Stock	12	35,337		23,054	
Debtors	13	4,858,568		23,500,690	
Cash at bank and in hand		4,284,877		9,036,991	
			9,178,782		32,560,735
Creditors: amounts falling due within one year	14	(174,783,442)		(17,714,065)	
Net current (liabilities) / assets			(165,604,660)		14,846,670
Total assets less current liabilities			264,891,211		413,238,535
Creditors: amounts falling due after more than one year	15		-		(131,923,344)
Provision for liabilities					
Other provisions	16		-		(13,716)
Deferred taxation	17		(32,496,025)		(30,130,648)
Net assets			232,395,186		251,170,827
Capital and reserves					
Called up share capital	18		103,319		103,319
Merger reserve	19		(103,410)		(103,410)
Profit and loss account	19		232,395,277		251,170,918
Shareholders funds			232,395,186		251,170,827

The consolidated financial statements of Student Castle Investments Holdco Limited, registered number: 11242948, were approved and authorised for issue by the Board on...23 August 2021.

Signed on behalf of the Board



Mr D Mathewson
Director

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

PARENT COMPANY BALANCE SHEET

AS AT 31 AUGUST 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Investments	10		229,218,333		229,218,333
Current assets					
Debtors	13	156,757,568		22,193	
		156,757,568		22,193	
Creditors: amounts falling due within one year	14	(149,687,866)		(132,525)	
Net current assets / (liabilities)			7,069,702		(110,332)
Total assets less current liabilities			236,288,035		229,108,001
Net assets			236,288,035		229,108,001
Capital and reserves.					
Called up share capital	18		103,319		103,319
Merger reserve	19		229,114,911		229,114,911
Profit and loss account	19		7,069,805		(110,229)
Shareholders funds			236,288,035		229,108,001

The profit for the financial period dealt with in the financial statements of the parent company was £7,180,034 (2019: loss of 98,245).

The consolidated financial statements of Student Castle Investments Holdco Limited, registered number: 11242948, were approved and authorised for issue by the Board on .23. August.2021

Signed on behalf of the Board



Mr D Mathewson
Director

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 AUGUST 2020

Consolidated

	Called up share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £
At 1 September 2018	103,319	5,065	(102,388)	188,015,642	188,021,638
Profit for the financial year	-	-	-	63,149,189	63,149,189
Cancellation of share premium	-	(5,065)	-	5,065	-
Movement of merger reserve arising on elimination of investment in subsidiaries on consolidation	-	-	(1,022)	1,022	-
At 31 August 2019	103,319	-	(103,410)	251,170,918	251,170,827
Loss for the financial year	-	-	-	(18,775,641)	(18,775,641)
At 31 August 2020	103,319	-	(103,410)	232,395,277	232,395,186

Parent company

	Called up share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total £
At 1 September 2018	103,319	-	229,114,911	(11,984)	229,206,246
Loss for the financial year	-	-	-	(98,245)	(98,245)
At 31 August 2019	103,319	-	229,114,911	(110,229)	229,108,001
Profit for the financial year	-	-	-	7,180,034	7,180,034
At 31 August 2020	103,319	-	229,114,911	7,069,805	236,288,035

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Net cash flows generated from operating activities	21	17,645,091	7,261,241
Cash flows from investing activities			
Proceeds from the disposal of investment property		-	7,547,301
Payments for additions to investment property		(34,031,238)	(31,967,328)
Payments to purchase tangible fixed assets		(397,461)	(37,927)
Dividends received		-	77,515
Interest received		24,159	32,963
Proceeds from the disposal of subsidiary undertakings		-	56,859
Net cash balances disposed of with subsidiary undertakings		-	(55,980)
Net cash flows used in investing activities		(34,404,540)	(24,346,597)
Cash flows from financing activities			
New intercompany loans		145,823,344	-
New long-term bank loans		-	20,737,344
Repayment of long-term bank loans	15	(131,923,344)	-
Interest paid and bank charges		(1,892,665)	(5,269,682)
Net cash flows generated from financing activities		12,007,335	15,467,662
Net decrease in cash and cash equivalents		(4,752,114)	(1,617,694)
Cash and cash equivalents at beginning of year		9,036,991	10,654,685
Cash and cash equivalents at end of year		4,284,877	9,036,991

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1. 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)
- Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle (issued May 2020)
- Amendment to FRS 101 Reduced Disclosure Framework – Effective date of IFRS 17 (issued October 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 Group or that they would not have a material impact on the Group's financial statements.

1.2. Basis of accounting

Student Castle Investments Holdco Limited (the Company) 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 and its subsidiaries (the Group) are set out in the Strategic 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 Student Castle Investments Holdco Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Student Castle Investments Holdco Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have also been taken in relation to financial instruments and presentation of the parent company cash flow statement.

1.3. Basis of consolidation

The Group financial statements consolidate the financial statements of Student Castle Investments Holdco Limited and its subsidiary undertakings drawn up to 31 August 2020. There is no difference in the reporting date of the financial statements of the parent and its subsidiaries.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4. Going concern

There is a risk that the demand for student accommodation may be adversely affected by the impact of the Covid-19 pandemic.

Following the UK lockdown which commenced on 23 March 2020, and its impact on universities, Student Castle offered a refund to students deciding to depart before the end of their licence period for the 2019/20 academic year. Approximately 35% of all students took up this option, resulting in total refunds across the group of £2.39m. Of this £2.39m, £1.33m is in the form of cash, with the remaining £1.07m being credited against outstanding or future charges.

Although universities opened as usual for the 2020/21 academic year, there remain a number of risks to Student Castle:

- The risk that a fourth wave of the pandemic might return to the UK resulting in a further lockdown and forcing universities to close again or offer online learning;
- The risk that student numbers will decline following the change to the university experience on offer;
- The risk that the UK introduces travel bans from certain countries which prevent students from entering the UK.

On the 5th November 2020, England entered into a second lockdown for 4 weeks, with a further lockdown in January 2021 which lasted until 8th March 2021, when restrictions began to gradually lift. Universities remained opened during this lockdown and the intention is for universities to remain open for the remainder of the 2020/21 academic year and for the 2021/22 academic year to return to normal.

As of July 2021, the UK has provided a first vaccination to nearly 47 million people and a second vaccination to nearly £35 million people against Covid-19, which should allow the UK to return to some normality in the coming months, with other countries likely to follow which will allow more international travel and therefore the return of international students who have deferred their studies. As of 19 July 2021, the UK government has lifted all lawful restrictions, however some restrictions on international travel still remain.

The Group acknowledge that there remains an uncertainty over the future impact of Covid-19, however the group has not seen a considerable impact on bookings for the 2020/21 academic year, the rollout of the vaccine is making good progress in the UK and the Group is in a net asset position and continues to be supported by the parent company.

As at 31 August 2020, the Group is in a net current liability position of £165,604,660 (2019: net current assets of £14,846,670). This is primarily due to the loans owed to the ultimate parent company of £ 151,805,238 and deferred income of £9,319,575 for which no cash outflow would be required. The parent company; Straits Ten Pte Ltd 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 Group.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5. Tangible fixed assets

Tangible fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, calculated using the straight-line method to allocate the depreciable amounts over the expected useful lives of the assets, as follows:

Computer equipment	33% per annum
Leasehold improvements	Over the term of the lease
Furniture, fittings & equipment	15%-33% per annum
Website development costs	33% per annum

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the income statement when the changes arise.

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

1.6. Investments

In the company balance sheet, investments in subsidiaries are measured at cost less impairment. Cost is measured by reference to the fair value of the shares acquired, with the difference between the fair value of the shares acquired and the consideration being credited to the merger reserve.

1.7. 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.

1.8. Stock

Stock is stated at the lower of cost and estimated selling price less cost to sell. Stock represents items held for sale to students.

1.9. Financial instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and financial 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 finance 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.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9. Financial instruments (continued)

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

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

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

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

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9. Financial instruments (continued)

(ii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised as a finance cost in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iii) 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.

1.10. Taxation

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

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 Group'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.

Unrelieved tax losses and other deferred tax assets are 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to *non-depreciable property, plant and equipment measured using the revaluation model and investment property* is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.11. Turnover

Turnover represents rental income received during the course of the year and ancillary income. Rental income is deferred over the rental contract term on a straight-line basis and recognised on the date that it is receivable. Ancillary income is recognised on the date that the charge is incurred. Tenant refunds due to COVID 19 have been recognised as a reduction in income. Turnover is stated net of VAT. The total turnover of the Group for the year has been derived from its principal activities and was wholly derived from the United Kingdom.

1.12. Other operating income

Other operating income relates to income received for activities which do not fall within the Group's principal activities and is largely rental and ancillary income receivable on development sites. Also included in other income in the prior year are damages receivable from a lead contractor following delayed delivery of a site included in investment property. Other income is recognised on the accruals basis as it falls due.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13. Cost of sales

Cost of sales represents commissions, purchase of inventories, utilities and other expenses that are directly attributable to the provision of student accommodation. It is accounted for on an accruals basis and recognised in the income statement.

1.14. Administrative expenses

Administrative expenses comprise mainly of staff costs, property running expenses, marketing expenses, legal and professional fees and tangible assets depreciation. Expenses are accounted for on an accruals basis and recognised in the statement of comprehensive income.

1.15. Wages and Directors' remuneration

The parent Company does not have any employees (2019: none), however there are employees in the Group, for which further detail is provided in note 25. Directors who resigned in the year were remunerated by Student Castle Property Management Services Limited, and newly appointed Directors are remunerated by companies in the wider group, for services rendered to the Student Castle group. Employee costs are capitalised as part of the development costs of investment property during the development phase. Once completed, employee costs are expenses to the statement of comprehensive income.

1.16. Pensions

The Group operates a number of defined contribution schemes for the benefit of its employees. Contributions payable are capitalised as part of the development costs of investment property during development phase. Once completed, contributions payable are charged to the statement of comprehensive income in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance sheet.

1.17. Leases

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

1.18. 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 statement of comprehensive income 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.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group'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.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors consider the below items to be those key estimates and assumptions.

Revaluation of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. At 31 August 2020 investment property is held within a number of subsidiary companies.

Third party valuations have been carried out for all of the investment properties and these have been performed by Cushman & Wakefield Debenham Tie Leung Limited for the year ended 31 August 2020, an independent property consultancy who are members of RCIS (2019: Knight Frank LLP). The valuations performed by Cushman & Wakefield Debenham Tie Leung Limited are based on a discounted cash flow model. The valuations conform to International Valuation Standards and has specifically been assessed in accordance with the Current Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards.

For the year ended 31 August 2019, full RICS valuations were performed by Knight Frank LLP and there is no fundamental change in valuation technique adopted compared to current year.

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. Where investment properties are in a state of partial completion at the year end, the valuation has been reduced by the expected costs to complete.

Where investment properties are in a state of partial completion at the year end, the valuation has been reduced by the expected costs to complete.

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.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3. Turnover	2020 £	2019 £
Ancillary revenue from students	261,055	161,321
Management charges	4,262	-
Commissions	52,407	52,912
Student rental income	14,637,509	12,214,708
Commercial rental income	87,563	189,418
	<u>15,042,796</u>	<u>12,618,359</u>

4. Loss / profit before taxation

Loss / profit before taxation is stated after charging / (crediting):

	2020 £	2019 £
Depreciation of tangible assets	99,126	97,081
Profit on disposal of fixed assets	-	(7,699)
Impairment of investments	-	283,443
Loss on disposal of investments	8,434,362	109,819
Operating lease rentals	-	-
- Land and buildings	82,783	83,022
	<u>82,783</u>	<u>83,022</u>

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

Fees payable to the Group's auditor for the audit of the Group's annual financial statements (Company £26,865; 2019: £14,400)

	187,890	101,000
Total audit fees	<u>187,890</u>	<u>101,000</u>
Taxation compliance services	-	57,646
Other taxation advisory services	-	98,178
Other services	-	47,900
Total non-audit fees	<u>-</u>	<u>203,724</u>
Total fees	<u>187,890</u>	<u>304,724</u>

Included in total non-audit fees in the prior year is £2,410 and £12,360 relating to tax compliance fees and other taxation services respectively.

5. Other interest receivable and similar income	2020 £	2019 £
Other loan interest receivable	14,440	1,277,186
Bank interest	9,719	32,963
	<u>24,159</u>	<u>1,310,149</u>

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6. Interest payable and similar charges	2020 £	2019 £
On bank loans and overdrafts	1,064,877	3,250,981
Interest payable on amounts owed to group undertakings	3,786,442	-
Other interest	278,798	1,145,646
Bank charges	515,567	349,940
Movement in fair value of interest rate derivatives	-	18,591
	5,645,684	4,765,158
	5,645,684	4,765,158
7. Tax charge on profit	2020 £	2019 £
The tax charge comprises:		
Current tax:		
UK corporation tax on profits for the period	506,247	(7,609)
Adjustment in respect of previous periods	-	(33,567)
	506,247	(41,176)
	506,247	(41,176)
Deferred tax:		
Origination and reversal of timing differences	(379,575)	14,598,369
Adjustments in respect of prior periods	10,782	(86,647)
Effect of changes in tax rates	3,399,248	(1,535,322)
	3,030,455	12,976,400
Total deferred tax charge (see note 17)	3,030,455	12,976,400
Total tax charge on loss/profit on ordinary activities	3,536,702	12,935,224
The total tax charge for the year can be reconciled to the profit per the income statement as follows:		
Profit before tax	(15,238,939)	76,084,413
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(2,895,387)	14,456,038
Effects of:		
Expenses not deductible for tax purposes	2,187,738	107,884
Income not taxable for tax purposes	-	(232,924)
Movement in deferred tax not provided for	834,321	252,317
Adjustments in respect of prior periods	10,781	(120,215)
Tax rate changes	3,399,249	(1,535,322)
Revaluation of investment properties	-	7,446
Total tax charge for year	3,536,702	12,935,224
	3,536,702	12,935,224

Factors that may affect the tax rate

In the March 2020 budget, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the March 2021 budget, the UK Government announced that from 1 April 2023, the corporation tax rate would increase to 25% from 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 August 2020 continue to be measured at a rate of 19%. If the amended tax rate had been used, the deferred tax liability would have been £10,077,896 higher at £41,991,234.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8. Profit attributable to the parent company

As permitted by section 408 Companies Act 2006, the parent company's Profit and loss account has not been presented within these financial statements. The loss for the financial period dealt within the financial statements of the parent company is £7,180,034 (2019: £98,245).

9. Tangible fixed assets

Group	Investment property	Leasehold improvements	Computer equipment	Furniture, fittings and equipment	Website development costs	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 September 2019	398,198,025	101,711	299,493	105,683	625,709	399,330,621
Additions	36,902,266	-	188,044	24,675	184,742	37,299,727
Loss on revaluation	(5,096,595)	-	-	-	-	(5,096,595)
At 31 August 2020	430,003,696	101,711	487,537	130,358	810,451	431,533,753
Depreciation						
At 1 September 2019	-	49,770	237,263	64,241	587,482	938,756
Charge for the year	-	10,382	47,900	16,170	24,674	99,126
At 31 August 2020	-	60,152	285,163	80,411	612,156	1,037,882
Net book value						
At 31 August 2020	429,494,696	41,559	202,374	49,947	198,295	430,495,871
At 31 August 2019	398,198,025	51,941	62,232	41,442	38,228	398,391,865

The Group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. At 31 August 2020 investment property is held within a number of subsidiary companies. The investment properties were valued by Cushman & Wakefield Debenham Tie Leung Limited at 31 August 2020. See note 2 for further details of the valuations.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10. Fixed asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Investment in subsidiary undertakings	-	-	229,218,333	229,218,333

Subsidiary undertakings	Country of incorporation	Principal activity	Shares held	%
Student Castle Property Management Services Limited*	England and Wales	Management company	Ordinary	100
SC Midco Limited	England and Wales	Holding company	Ordinary	100
Student Castle Developments Limited	England and Wales	Holding company	Ordinary	100
SC Walmgate Limited	England and Wales	Property development	Ordinary	100
SC Walmgate Management Limited	England and Wales	Property management	Ordinary	100
SC Mitchams Corner Limited	England and Wales	Property development	Ordinary	100
SC Mitchams Corner Management Limited	England and Wales	Property management	Ordinary	100
SC Pulteney Road Limited	England and Wales	Property development	Ordinary	100
SC Pulteney Road Management Limited	England and Wales	Property development and management	Ordinary	100
SC Causewayside Limited	England and Wales	Property development and management	Ordinary	100
SC Claypath Limited	England and Wales	Property development	Ordinary	100
SC Claypath Management Limited	England and Wales	Property development and management	Ordinary	100
SC Osney Lane Limited	England and Wales	Property development	Ordinary	100
SC Pelham Terrace Limited	England and Wales	Property development	Ordinary	100
SC Osney Lane Management Limited	England and Wales	Property management	Ordinary	100
SC Pelham Terrace Management Limited	England and Wales	Property management	Ordinary	100

* Held directly by Student Castle Investments Holdco Limited

The registered address of all subsidiary undertakings is Kintyre House, 70 High Street, Fareham, Hampshire, England, PO16 7BB.

	Group £	Company £
Cost		
At 1 September 2019	-	229,218,333
At 31 August 2020	-	229,218,333
Provision for impairment		
At 1 September 2019	-	-
At 31 August 2020	-	-
Net book value		
At 31 August 2020	-	229,218,333
At 31 August 2019	-	229,218,333

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

11. Loss on disposal of subsidiary

On 18 December 2019, Student Castle Property Management Services Limited acquired 100% of the share capital of GMS Parking Holdco Limited for consideration of £6,583,435, settled against a loan due to Student Castle Property Management Services Limited from GMS Parking Holdco Limited. On the same day the investment in GMS Parking Holdco Limited was disposed of for consideration of £1,034 resulting in a loss on disposal of £6,582,401.

On 18 December 2019, Student Castle Property Management Services Limited acquired 100% of the share capital of Angel Developments (Durham) Limited for consideration of £1,851,962, settled against a loan due to Student Castle Property Management Services Limited from Angel Developments (Durham) Limited. On the same day the investment in Angel Developments (Durham) Limited was disposed of for consideration of £1 resulting in a loss on disposal of £1,851,961.

12. Stock

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Stock	35,337	23,054	-	-

13. Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	3,378,052	427,947	3,528	-
Amounts owed by group undertakings	-	-	152,967,598	10,992
VAT	87,649	66,944	-	-
Other debtors	511,947	21,346,692	-	-
Prepayments and accrued income	298,233	411,341	3,786,442	11,201
Deferred tax asset (see note 17)	582,688	1,247,766	-	-
	4,858,568	23,500,690	156,757,568	22,193

Amounts owed by group undertakings for the Company include loans of £145,823,344 on which interest is charged at 3.68% initial loans of £131,923,344 and 5.74% on additional loans of £13,900,000. Other amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Creditors: amounts falling due within one year

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	249,795	3,086,607	4,944	-
Amounts owed to group undertakings	151,805,238	-	145,826,932	39,242
Taxes and social security costs	63,873	108,416	-	-
Other creditors	5,593,018	4,583,511	-	-
Accruals	7,243,593	4,074,968	3,855,990	93,283
Deferred income	9,319,575	5,860,563	-	-
Corporation tax	508,350	-	-	-
	174,783,442	17,714,065	149,687,866	132,525

Amounts owed to group undertakings for the Group and the Company include loans of £145,823,344 on which interest is charged at 3.68% on initial loans of £131,923,344 and 5.74% on additional loans of £13,900,000. Other amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Bank loans	-	131,923,344	-	-
	<u>-</u>	<u>131,923,344</u>	<u>-</u>	<u>-</u>

Analysis of loans

The bank loans were repaid in full on 20 December 2019.

Amounts owed to group undertakings consist of loans on which interest is charged at 3.68% on initial loans of £131,923,344 and 5.74% on additional loans.

Bank loans are repayable as follows:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Between two and five years	-	131,923,344	-	-
	<u>-</u>	<u>131,923,344</u>	<u>-</u>	<u>-</u>

16. Provisions

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
At beginning of year	13,716	13,836	-	-
Provision utilised in the year	(13,716)	(120)	-	-
At end of year	<u>-</u>	<u>13,716</u>	<u>-</u>	<u>-</u>

17. Deferred taxation

The deferred tax liability is made up as follows:

	Group £
At 1 September 2019	(30,130,648)
Charged to Profit and loss account during the year	(2,365,377)
Balance at 31 August 2020	<u>(32,496,025)</u>

The deferred tax asset (included in debtors, note 13) is made up as follows:

	Group £
At 1 September 2019	1,247,766
Charged to Profit and loss account during the year	(665,078)
Balance at 31 August 2020	<u>582,688</u>

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17. Deferred taxation (continued)

	Group	
	2020	2019
	£	£
The total deferred tax is made up as follows:		
Fixed asset timing differences	(32,487,787)	(30,090,540)
Other timing differences	55,639	62,089
Tax losses available	518,810	1,145,569
	<u>(31,913,338)</u>	<u>(28,882,882)</u>

The net deferred tax liability amounts expected to reverse in 2021 relate to the tax losses available and other timing differences. The amount to be reversed in respect of tax losses is £518,810 as these losses are utilised against expected profits in 2021. The amount expected to be reversed in respect of other timing differences is £55,641 and relates to the unwinding of a deferred tax adjustment on transition to FRS102.

18. Called-up share capital

	2020	2019
	£	£
Allotted, called-up and fully-paid		
100,000 A Ordinary shares of £0.999 each	99,900	99,900
3,422 C Ordinary shares of £0.999 each	3,419	3,419
	<u>103,319</u>	<u>103,319</u>

The ordinary shares carry equal voting rights.

19. Reserves

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

Merger reserve – this reserve records the difference between the consideration and the net book value of assets acquired under a share for share exchange.

20. Financial Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Within one year	108,000	104,870
Between one and five years	324,000	419,480
After five years	-	-
	<u>432,000</u>	<u>524,350</u>

There are no financial commitments within the parent company.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21. Cash flow statement

Reconciliation of operating profit to cash generated from operations:

	2020 £	2019 £
Operating profit	3,913,543	4,593,310
Adjustments for:		
Depreciation	99,126	97,081
Loss on disposal of tangible fixed assets	-	7,699
Operating cash flow before movement in working capital	4,012,669	4,698,090
Decrease / (increase) in stocks	(12,283)	1,437
Decrease / (increase) in debtors	9,229,910	1,097,646
Increase in creditors	4,428,511	1,464,188
Decrease in provisions	(13,716)	(120)
Cash generated by operations	17,645,091	7,261,241
Income taxes paid	-	-
Net cash from operating activities	17,645,091	7,261,241

The decrease in debtors for the year end 31 August 2020 includes the non-cash loan settlements by GMS Parking Holdco Limited and Angel Developments (Durham) Limited upon disposal of these subsidiaries. See note 11 for details.

Net debt reconciliation

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	9,036,991	-	9,036,991
Bank loans	(131,923,344)	131,923,344	-
Loans from parent company	-	(145,823,344)	(145,823,344)
Total liabilities from financing activities	(122,886,353)	(13,900,000)	(136,786,353)

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension and other post-retirement benefit commitments

Defined contribution

The Group operates defined contribution retirement benefit scheme for all qualifying employees.

	2020 £	2019 £
Contributions payable by the Group for the year	51,992	29,240

Included in accruals at 31 August 2020 were £11,221 (2019: £10,383) relating to pension and other post-retirement benefit commitments.

23. Directors' remuneration

Company

The Directors are not remunerated for their services to the Company (2019: £nil). Those directors that also serve as directors to the companies within the Group are remunerated for their services as directors to the Group and this is disclosed below.

Group

	2020 £	2019 £
Emoluments	856,834	1,962,925
Group contributions to money purchase pension schemes	17,363	14,727
	<u>874,197</u>	<u>1,977,652</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	125,789	801,998
Company pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

The highest paid director did not exercise any share options in the year.

The number of directors who:

Are members of a money purchase pension scheme	<u>4</u>	<u>4</u>
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24. Key management personnel remuneration

Key management personnel include Directors and members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration paid to key management for employee services by Student Castle Property Management Services Limited is as follows:

	2020 £	2019 £
Remuneration	1,040,584	2,050,233
Group contributions to money purchase pension schemes	19,115	16,399
	<u>1,059,699</u>	<u>2,066,631</u>

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

25. Employees

Number of employees

The average monthly number of employees within the Group (including directors) during the year was:

	2020 Number	2019 Number
Administration staff	79	90

There were no employees within the parent company in the year (2019: nil).

Employment costs

The employment costs (including directors) for the Group during the year was:

	2020 £	2019 £
Wages and salaries	3,177,575	3,755,614
Social security costs	341,918	432,690
Other pension costs	51,992	29,240
	<u>3,571,485</u>	<u>4,217,544</u>

26. Control

The immediate parent is Straits Ten Pte Ltd, a company incorporated in Singapore, whose registered address is 1000 Toa Payoh North, News Centre, Singapore, 318994.

The ultimate controlling party is Singapore Press Holdings Limited, a company incorporated in Singapore and listed on the Singapore stock exchange.

STUDENT CASTLE INVESTMENTS HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

27. Post balance sheet events

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

Practical completion of the investment property in Oxford was obtained on 7 September 2020 and the investment property in Brighton was obtained on 13 November 2020.

Due to the date of completion for the investment property in Brighton exceeding the contracted date of completion, the Company is claiming liquidated damages against the contractor, Henry Construction Limited, amounting to £1,850,400. As at the date of signing these financial statements, no agreement has been reached between both parties as to the damages owed. Legal action is being taken by SC Pelham Terrace Limited but this is in the early stages and the likely outcome of the case cannot be reliably estimated, therefore **the Directors' have not recognised this as an adjusting post balance sheet event.**

On 25 August 2020, Student Castle Investments Holdco Limited (the "Company") issued 279,125,338 ordinary shares with a nominal value of £1 each to its immediate parent company, Straits Ten Pte Ltd. The allotment was documented in error and the Company never requested for the subscription price for the ordinary shares to be paid by Straits Ten Pte Ltd, hence the ordinary shares remained unpaid. It was also noted that at the time the 279,125,338 ordinary shares were allotted, shareholder approval was not obtained from the shareholder of the Company in the requisite form as per the Companies Act 2006, which requires that authorisation from members through ordinary resolution is necessary for shares to be issued. Subsequent to the financial year-end of the Company, the shares issuance has been cancelled via a reduction in the share capital of the Company on 06 November 2020 and the cancellation was treated as an adjusting post balance sheet event in the financial statements.

On 06 November, Student Castle Property Management Services Limited was demerged from the Group and Student Castle Investments Holdco Limited became the direct parent of SC Midco Limited. As part of the demerger, Student Castle Property Management Services Limited assigned loans owing from the subsidiaries to Student Castle Investment Holdco Limited. These loans carry interest at 10% p.a.

On 29 January 2021, loans with the **parent company' Straits Ten Pte, amounting to £145,823,343.94** were converted to Quoted Eurobonds, listed on The International Stock Exchange.

On 25 February 2021, Student Castle Investments Holdco Limited issued 5,313,198 shares to Straits Ten Pte for consideration of £5,313,198. On the same date, SC Osney Lane Limited issued 3,629,822 shares to Student Castle Investments Holdco Limited for consideration of £3,629,822 and SC Pelham Terrace Limited issued 1,580,056 of shares to Student Castle Investments Holdco Limited for consideration of £1,580,056.

On 16 March 2021, Student Castle Investments Holdco Limited issued 5,000,000 shares to Straits Ten Pte for consideration of £5,000,000.

On 29 April 2021, Student Castle Investments Holdco Limited issued 4,500,000 shares to Straits Ten Pte for consideration of £4,500,000.

On 29 June 2021, a deed of variation to the lease agreements between the following group companies was signed:

- SC Claypath Limited and SC Claypath Management Limited
- SC Osney Lane Limited and SC Osney Lane Management Limited
- SC Pelham Terrace Limited and SC Pelham Terrace Management Limited
- SC Pulteney Road Limited and SC Pulteney Road Management Limited

This amended the yearly rent stated in the original leases to be a figure to be agreed on or before each anniversary of the term start date between the two entities. This amendment is to be applied retrospectively to be in force at the inception of the lease agreements.

28. Related party relationships and transactions

The company has taken advantage of the exemption available in 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.
