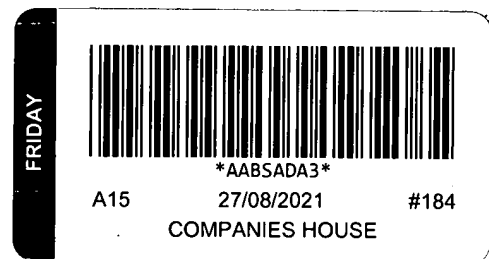


SC OSNEY LANE LIMITED

COMPANY NUMBER 09203613 (ENGLAND AND WALES)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



SC OSNEY LANE LIMITED

COMPANY INFORMATION

Directors	Mr J Singh Mr D Mathewson Mr M McIlhagger
Company number	09203613
Registered office	Kintyre House 70 High Street Fareham Hampshire PO16 7BB United Kingdom
Independent auditor	KPMG Channel Islands Limited Statutory Auditor 37 Esplanade St. Helier Jersey
Business address	16 D'Arblay Street London W1F 8EA
Solicitor	Bryan Cave Leighton Paisner LLP Governors House 5 Laurence Pountney Hill London EC4R 0BR
Bankers	HSBC Bank Plc 8 Canada Square London E14 5HQ

SC OSNEY LANE LIMITED

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SC OSNEY LANE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their **Directors'** report and audited financial statements for the year ended 31 August 2020. This Directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies' exemption. Accordingly, the directors have elected to take advantage of the exemption from preparing a Strategic report.

Principal activities

The principal activity of the company continues to be that of building, developing and leasing student accommodation.

Results and dividends

The loss in year after taxation, amounted to £7,862,118 (2019: profit of £5,980,598). The loss this year is primarily due to £6,905,714 of interest on intercompany loans that were used to fund the development of the property. No interim dividends were paid during the year (2019: £nil) and the directors do not recommend payment of a final dividend (2019: £nil).

Directors

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

Mr Jaspal Singh (Appointed 20 December 2019)
Mr David Mathewson (Appointed 20 December 2019)
Mr Murdo McIlhagger (Appointed 20 December 2019)
Mr C Cade (Resigned 20 December 2019)
Mrs J Hawthorn (Resigned 20 December 2019)
Mr S Dance (Resigned 20 December 2019)
Mr R Ainsworth (Resigned 20 December 2019)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provision of S418 of Companies Act 2006.

SC OSNEY LANE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the company to be equivalent to those facing the group, Student Castle Investments Holdco Limited, as outlined within the Strategic report accompanying those consolidated financial statements for the year ended 31 August 2020, which are publicly available, see note 16.

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 Company is in a net current liability position of £62,477,185 (2019: net current assets of £1,404,091). This is primarily due to the loans owed to the group undertakings of £88,643,352. The immediate parent company; Student Castle Investments Holdco Limited has provided a letter of undertaking stating that the amounts owed will not be recalled within the next 12 months.

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

SC OSNEY LANE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Post balance sheet events

Details of post balance sheet events are contained in note 17 to the financial statements.

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

SC OSNEY LANE LIMITED
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SC OSNEY LANE LIMITED

Our opinion

We have audited the financial statements of SC Osney Lane Limited (the "Company"), which comprise the Balance Sheet as at 31 August 2020, and the Statements of Income and Retained Earnings for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 and of the Company'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 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 financial statements. We have nothing to report in these respects.

The directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- **certain disclosures of directors' remuneration specified by law are not made; or**
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

SC OSNEY LANE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SC OSNEY LANE LIMITED

Respective responsibilities

Directors' responsibilities

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

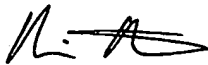
Auditor's responsibilities

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

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

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

SC OSNEY LANE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 AUGUST 2020

		2020 £	2019 £
	Note		
Turnover	3	23,200,434	7,437,750
Cost of sales		(22,095,652)	(7,083,571)
Gross profit		<u>1,104,782</u>	<u>354,179</u>
Administrative expenses		(1,084,829)	(963,882)
Impairment of loan balance		-	(243)
Operating profit / (loss)		<u>19,953</u>	<u>(609,946)</u>
Interest payable and similar charges	5	(7,233,120)	(5,213,658)
Gain arising on revaluation of investment property	8	<u>375,000</u>	<u>13,852,820</u>
(Loss) / profit before tax	4	(6,838,167)	8,029,216
Tax charge	7	(1,023,951)	(2,048,618)
(Loss) / profit after tax		<u>(7,862,118)</u>	<u>5,980,598</u>
Retained earnings at 1 September		15,185,483	9,204,885
Retained earnings at 31 August		<u>7,323,365</u>	<u>15,185,483</u>

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

SC OSNEY LANE LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	8		77,045,000		76,670,000
Investments	9		1		1
			<u>77,045,001</u>		<u>76,670,001</u>
Current assets					
Debtors	10	31,114,609		8,342,660	
Cash at bank and in hand		51,104		391,125	
		<u>31,165,713</u>		<u>8,733,785</u>	
Creditors: amounts falling due within one year	11	<u>(93,642,898)</u>		<u>(7,332,694)</u>	
Net current (liabilities) / assets			<u>(62,477,185)</u>		<u>1,404,091</u>
Total assets less current liabilities			<u>14,567,816</u>		<u>78,071,092</u>
Creditors: amounts falling due after more than one year	12		<u>(7,244,450)</u>		<u>(62,885,608)</u>
Net assets			<u>7,323,366</u>		<u>15,185,484</u>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		7,323,365		15,185,483
Shareholders funds			<u>7,323,366</u>		<u>15,185,484</u>

The financial statements of SC Osney Lane Limited, registered number: 09203613, were approved and authorised for issue by the Board on 23 August 2021

Signed on behalf of the Board



Mr D Mathewson
Director

SC OSNEY LANE 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 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. General information and basis of accounting

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

The company is a private Company limited by shares and is registered in England and Wales. The address of the company's registered office is shown at the beginning of these accounts.

The principal activities of the company are set out in the Directors' Report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), and with the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The functional currency of SC Osney Lane Limited is pounds sterling because that is the currency of the primary economic environment in which the company operates.

SC Osney Lane Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to presentation of a cash flow statement and remuneration of key management personal. SC Osney Lane Limited is consolidated in the financial statements of Student Castle Investments Holdco Limited which may be obtained at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

1.3. Group financial statements

The company is exempt from the requirement to prepare and deliver group financial statements on the basis that the company's results are included in the consolidated financial statements of Student Castle Investments Holdco Limited, a Company registered in England and Wales and whose financial statements may be obtained at Kintyre House, 70 High street, Fareham, Hampshire, PO16 7BB.

1.4. Going concern

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.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4. Going concern (continued)

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 Company is in a net current liability position of £62,477,185 (2019: net current assets of £1,404,091). This is primarily due to the loans owed to the group undertakings of £88,643,352. The immediate parent company; Student Castle Investments Holdco Limited has provided a letter of undertaking stating that the amounts owed will not be recalled within the next 12 months.

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

1.5. Investment properties

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

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

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

1.6. Investments

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

1.7. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7. Impairment of assets (continued)

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.

1.8. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Turnover represents income received on construction contracts during the year. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.10. Cost of sales

Cost of Sales comprise costs incurred in respect of property development services rendered. Cost of sales are accounted for on an accruals basis and recognised in the statement of income and retained earnings.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11. Administrative expenses

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

1.12. Wages and Directors' remuneration

Staff costs for development staff, including gross wages and employer's NI have been capitalised as part of the development costs of the investment property. The directors are not remunerated by the Company. Directors who resigned in the year were remunerated by Student Castle Property Management Services Limited, a group company, and newly appointed Directors are remunerated by companies in the wider group, for services rendered to SC Osney Lane Limited.

1.13. Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable to development staff have been capitalised as part of the development costs of the investment property 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.

1.14. Financial instruments

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

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

- a. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- 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).

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14. Financial instruments (continued)

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

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

(ii) Fair value measurement

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Classification of leases

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

There are no other 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.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Revaluation of investment properties

The property included within investment property at the year end relates to a student accommodation development in Oxford. SC Osney Lane Limited holds the freehold interest in the land and has developed the foundations. The site has been leased to SC Osney Lane Management Limited which has developed the Student Accommodation on the site. The directors note that whilst the property and freehold interests sit within separate entities, both of these remain under common control within the Student Castle Group. This common control allows the property and freehold interest to be effectively managed as one, providing the ability to exercise changes to the terms of the underlying agreements, receive the full benefit from the combined interests and it is also the view of the directors that should the interest ever be sold, they would be done so as a combined property. In arriving at the basis for valuation of the freehold interest within these financial statements, the marriage value, representing control over the overall property asset, is therefore deemed to be protected and is included within the valuations. Should the property and freehold interest ever be split and separately sold, this marriage value would be lost and the valuation of each component would be expected to be adversely impacted.

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

For the year ended 31 August 2019, a full RICS valuation was 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.

The total valuation of the property by Cushman & Wakefield as at 31 August 2020 is £118,645,597 (2019: £95,326,953). The Directors have apportioned a valuation of £77,045,000 at 31 August 2020 to SC Osney Lane Limited (2019: £76,670,000) and £41,600,597 to SC Osney Lane Management Limited (2019: £18,656,953). The method of apportioning the value between the entities is based on a discounted cash flow model, carried out by the Directors. The key inputs used by the Directors in this calculation are the same as those stated above for the overall valuation, but on an individual entity level.

As the investment property is 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.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3. Turnover	2020	2019
	£	£
Development agreement income	23,200,434	7,437,750
	<u>23,200,434</u>	<u>7,437,750</u>
4. Loss / profit before taxation		
Loss / profit before taxation is stated after charging:		
	2020	2019
	£	£
Amounts written off loans	-	243
	<u>-</u>	<u>243</u>
The analysis of the auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,260	5,000
	<u>12,260</u>	<u>5,000</u>
Total audit fees	12,260	5,000
Taxation compliance services	-	2,739
Other taxation advisory services	-	8,500
	<u>-</u>	<u>11,239</u>
Total non-audit fees	-	11,239
Total fees	12,260	16,239
	<u>12,260</u>	<u>16,239</u>
5. Interest payable and similar charges	2020	2019
	£	£
Interest payable on amounts owed to group undertakings	6,905,714	4,380,372
Bank charges	92,517	47,410
Other interest	234,889	-
Other financing costs charged from group undertakings	-	785,876
	<u>7,233,120</u>	<u>5,213,658</u>

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6. Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administration staff	-	1

Employment costs

The employment costs for the Company during the year was:

	2020 £	2019 £
Wages and salaries	-	66,183
Social security costs	-	7,959
Pension contributions	-	1,254
	-	75,396

7. Tax charge

The tax charge comprises:

Current tax:

UK corporation tax on profits for the period	(100,161)	(306,378)
Adjustment in respect of previous periods	53,083	-

Total current tax credit

	(47,078)	(306,378)
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Deferred tax:

Origination and reversal of timing differences	448,863	2,632,055
Adjustment in respect of previous periods	(93,159)	-
Effect of changes in tax rates	715,325	(277,059)

Total deferred tax charge (see note 13)

	1,071,029	2,354,996
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Total tax charge on loss / profit

	1,023,951	2,048,618
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The total tax charge for the year can be reconciled to the profit per the income statement as follows:

(Loss) / Profit before tax	(6,838,167)	8,029,216
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(1,299,252)	1,525,551
Effects of:		
Expenses not deductible for tax purposes	460	46
Transfer pricing adjustments	1,149,604	749,044
Deferred tax not provided for	497,890	51,036
Adjustment in respect of previous periods	(40,076)	-
Effect of changes of tax rate	715,325	(277,059)
Total tax charge for year	1,023,951	2,048,618

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7. Tax on loss / profit (continued)

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 £2,287,721 higher at £9,532,171.

8. Tangible fixed assets

	Investment Property £
Valuation	
At 1 September 2019	76,670,000
Gain on revaluation	375,000
	<hr/>
At 31 August 2020	77,045,000
	<hr/>
Net book value	
At 31 August 2020	77,045,000
	<hr/>
At 31 August 2019	76,670,000
	<hr/>

The investment property included in the accounts relates to student accommodation developed in Oxford. The valuation of £77,045,000 recognised in these financial statements was determined by the Directors, based on the valuation carried out by Cushman & Wakefield Debenham Tie Leung Limited, an entity registered with the Royal Institute of Chartered Surveyors, at 31 August 2020. See note 2 for further details on the valuation.

9. Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 September 2019	1
	<hr/>
At 31 August 2020	1
	<hr/>
Net book value	
At 31 August 2020	1
	<hr/>
At 31 August 2019	1
	<hr/>

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

SC Osney Lane Management Limited is directly owned by SC Osney Lane Limited.

SC Osney Lane Management Limited is registered at Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	294,854	7,975,055
Other debtors	124,210	122,533
Other taxes and social security	18,532	-
Prepayments and accrued income	30,677,013	367
Deferred tax asset (see note 13)	-	244,705
	<u>31,114,609</u>	<u>8,342,660</u>

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

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	9,000	2,382,392
Amounts owed to group undertakings	88,643,352	1,823,590
Other taxes and social security costs	-	2,144
Other creditors	3,644,077	3,032,454
Accruals	1,346,469	92,114
	<u>93,642,898</u>	<u>7,332,694</u>

Amounts owed by group undertakings include loans of £73,413,921 from Student Castle Property Management Services Limited on which 10% interest is charged and is repayable on demand. On 6 November 2020, Student Castle Property Management Services Limited novated the loans to Student Castle Investments Holdco Limited, the parent company, as part of a restructure of the group. The loan terms as noted above remain the same.

£5,500,000 is from Student Castle Investments Holdco Limited on which 5.74% interest is charged and is repayable on demand. On 21 November 2020, this loan was repaid and replaced by a new loan at an interest rate of 3.22%. See note 17 for further details.

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

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

	2020 £	2019 £
Amounts owed to group undertakings	-	56,467,482
Deferred tax liability (see note 13).	7,244,450	6,418,126
	<u>7,244,450</u>	<u>62,885,608</u>

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13. Deferred taxation

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

	Deferred tax £
At 1 September 2019	(6,173,421)
Charged to Profit and loss account during the year	(1,071,029)
Balance at 31 August 2020	<u>(7,244,450)</u>

	2020 £	2019 £
Tax losses available (included in debtors, note 10)	-	244,705
Timing differences on revaluation of investment properties (included in creditors, note 12)	(7,244,450)	(6,418,126)
	<u>(7,244,450)</u>	<u>(6,173,421)</u>

The net deferred tax liability amounts expected to reverse in 2021 is £nil.

14. Called-up share capital

	2020 £	2019 £
Allotted, called-up and fully-paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

The ordinary shares carry equal voting rights.

15. Reserves

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

16. Control

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

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

SC OSNEY LANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17. Post balance sheet events

Practical completion of the investment property in Oxford was obtained on 7 September 2020.

On 21 November 2020, SC Osney Lane Limited repaid the loan of £5,500,000 from Student Castle Investments Holdco Limited. On the same date, this loan was replaced by a new investment loan at an interest rate of 3.22% and is repayable on demand.

On 25 February 2021, SC Osney Lane Limited issued 3,629,822 shares to Student Castle Investments Holdco Limited for consideration of £3,629,822.

As at 31 August 2020, SC Osney Lane Limited owed loans of £73,413,921 to Student Castle Property Management Services Limited on which interest is charged at 10% and is repayable on demand. On 6 November 2020, Student Castle Property Management Services Limited novated the loans to Student Castle Investments Holdco Limited, the parent company, as part of a restructure of the group. The loan terms as noted above remain the same.

On 29 June 2021, a deed of variation to the lease agreement between SC Osney Lane Limited and SC Osney Lane Management Limited was signed. This amended the yearly rent stated in the original lease 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.

18. Related party relationships and transactions

The company has taken advantage of the exemption available under FRS 102, Section 33: Related Party Disclosures whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.