138 STUDENT LIVING JAMAICA LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2022

138 STUDENT LIVING JAMAICA LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2022

I N D E X

	PAGE
Independent Auditors' Report to the Members	1 - 6
FINANCIAL STATEMENTS	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Company Statement of Profit or Loss and Other Comprehensive Income	11
Company Statement of Financial Position	12
Company Statement of Changes in Equity	13
Company Statement of Cash Flows	14
Notes to the Financial Statements	15 - 62

BDO

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
138 Student Living Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of 138 Student Living Jamaica Limited and its subsidiary (the group) and the financial statements of 138 Student Living Jamaica Limited standing alone (the company) set out on pages 7 to 62, which comprise the group and the company's statement of financial position as at 30 September 2022, and the group and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows 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 financial position of the group and the company as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Financial Asset - Service Concession Rights Classified as Fair Value Through Other Comprehensive Income

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Key Audit Matters

[see note 13 to the consolidated financial statements for management's related accounting policies and disclosures]

Financial asset - service concession rights is carried at fair value, based on triennial valuation by a professional qualified valuator and in the intervening periods by the directors. For the year ended 30 September 2022, the valuation was done by the directors, with a resulting fair value of $7.08B for 138 Student Living Limited and $1.36B for 138 SL Restoration Limited. The surplus or deficit is taken to other comprehensive income.

The Directors use an investments approach via a discounted cash flow as its valuation methodology. The projected net income and a discounted cash flow of those likely net income are taken account of, along with various assumptions. The magnitude and materiality of this balance, the complexity of the models used, the use of management assumptions and the potential for misstatement from the use of inappropriate yields caused us to focus on this balance.

How our audit addressed the Key Audit Matter

1) We assessed the directors valuation techniques by using our own internal valuation consultants, who examined the basis and assumptions and analysed the results in detail to assess reasonableness of the fair value amount obtained.

2) We obtained an understanding of the nature of the work performed by management, the objective and the scope as well as understanding and assessing the methods and assumptions used thus determining the appropriateness of the valuation method used to estimate the fair value.

3) We recalculated the amounts disclosed for fair value of the group's and the company's financial asset-service concession rights for mathematical accuracy.

4) We further checked that the required disclosures were done in the financial statements, as well as the appropriateness of the reporting of the transactions.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Key Audit Matters (cont'd)

Expected credit losses in relation to financial assets.

See notes 3(i)(iii), 5(c)(ii) and 17 to the financial statements for management's related policies and disclosures.

The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking expected credit loss (ECL) impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the group's financial assets. The most significant impact of the implementation of the impairment model is to the provisioning policy for the group's trade receivables. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.

How our audit addressed the Key Audit Matter

- The group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the standard.
- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data.
- We tested manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls.
- We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management.
- We determined whether the default risk percentage was reasonably calculated and correctly applied to the relevant buckets of accounts receivable.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's and 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 management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's and the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Balvin Vanriel.

BDO

Chartered Accountants

28 December 2022

138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
REVENUE:				
Income	6	1,185,960	813,205	1,217,865
Other operating income	7	13,894	47,274	107,428
		1,199,854	860,479	1,325,293
EXPENSES:				
Administrative and other expenses	8	(501,315)	(422,017)	(757,566)
PROFIT FROM OPERATION		698,539	438,462	567,727
Finance costs	10	(363,487)	(242,209)	(257,358)
PROFIT BEFORE TAXATION		335,052	196,253	310,369
Taxation	11	(16,690)	25,026	(58,643)
NET PROFIT FOR THE YEAR		318,362	221,279	251,726
OTHER COMPREHENSIVE INCOME:				
Item that will or may not be reclassified to profit or loss -				
Change in fair value of financial asset – service concession rights	13	(98,143)	(355,818)	(1,328,037)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		220,219	(134,539)	(1,076,311)
EARNINGS PER STOCK UNIT	12	$ 0.77	$ 0.53	$ 0.61

138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2022

	Note	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
ASSETS				
NON-CURRENT ASSETS:				
Financial asset -service concession rights	13	8,442,711	8,513,000	8,861,443
Property, plant and equipment	14	1,117	1,768	2,392
Deferred tax assets	15	180,643	192,342	202,777
Other asset		-	-	3,850
		8,624,471	8,707,110	9,070,462
CURRENT ASSETS:				
Receivables	17	903,293	1,277,833	619,946
Taxation recoverable		24,767	24,742	24,509
Short term deposits	18	-	760	258,560
Cash and cash equivalents	19	170,444	38,935	43,484
		1,098,504	1,342,270	946,499
		9,722,975	10,049,380	10,016,961
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	20	721,153	721,153	721,153
Fair value reserve	21	2,949,430	3,047,573	3,403,391
Retained earnings		884,551	566,189	344,910
		4,555,134	4,334,915	4,469,454
NON-CURRENT LIABILITIES:				
Long term loans	23	3,847,369	4,211,895	4,206,004
Redeemable preference shares	20	172,642	172,642	172,642
		4,020,011	4,384,537	4,378,646
CURRENT LIABILITIES:				
Payables	24	561,874	1,112,745	825,179
Taxation		13,322	7,183	42,644
Short term loans	25	210,000	210,000	135,000
Current portion of long term loans	23	362,634	-	166,038
		1,147,830	1,329,928	1,168,861
		9,722,975	10,049,380	10,016,961

Approved for issue by the Board of Directors on 28 December 2022 and signed on its behalf by:

Ian Parsard Chairman

Sharon Donaldson-Levine Director

138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2022

	Share Capital $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2020				
(As previously stated)	721,153	3,403,391	409,963	4,534,507
Deferred tax adjustment (note 30)	-	-	(65,053)	(65,053)
BALANCE AT 30 SEPTEMBER 2020 (Restated)	721,153	3,403,391	344,910	4,469,454
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	221,279	221,279
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial asset – service concession rights	-	(355,818)	-	(355,818)
	-	(355,818)	221,279	(134,539)
BALANCE AT 30 SEPTEMBER 2021	721,153	3,047,573	566,189	4,334,915
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	318,362	318,362
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial asset – service concession rights	-	(98,143)	-	(98,143)
	-	(98,143)	318,362	220,219
BALANCE AT 30 SEPTEMBER 2022	721,153	2,949,430	884,551	4,555,134

138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net profit		318,362	221,279	251,726
Items not affecting cash resources:				
Effect of foreign exchange loss/(gain)	8	4,353	(864)	(1,799)
Taxation expense	11	16,690	(25,026)	58,643
Interest income	7	(62)	(441)	(7,875)
Interest expense	10	363,487	242,209	257,358
Depreciation	14	624	624	624
(Loss)/gain on disposal of financial assets		(12)	(5)	10
Adjustment to property, plant and equipment	14	27	-	-
		703,469	437,776	558,687
Changes in operating assets and liabilities:				
Other asset		-	3,850	(87)
Receivables		374,540	(662,156)	(323,245)
Taxation recoverable		(25)	(234)	(1,739)
Payables		(572,973)	362,133	90,679
Cash provided by operating activities		505,011	141,369	324,295
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions to financial asset – service concession rights	13	(27,854)	(7,375)	(10,071)
Short term deposits		760	257,799	690
Interest received	7	62	1,566	7,661
Proceeds from disposal of financial assets		12	7	60
Cash (used in)/provided by investing activities		(27,020)	251,997	(1,660)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid		(340,237)	(313,632)	(189,583)
Loans received		75,000	75,000	-
Loans repaid		(76,892)	(160,147)	(139,905)
Cash used in financing activities		(342,129)	(398,779)	(329,488)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		135,862	(5,413)	(6,853)
Exchange effect on foreign cash balance		(4,353)	864	1,221
Cash and cash equivalents at beginning of year		38,935	43,484	49,116
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	170,444	38,935	43,484

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
REVENUE:				
Income	6	774,979	646,156	689,355
Other operating income	7	47,844	72,014	117,691
		822,823	718,170	807,046
EXPENSES:				
Administrative and other expenses	8	(335,571)	(402,846)	(496,752)
PROFIT FROM OPERATION		487,252	315,324	310,294
Finance costs	10	(248,262)	(170,600)	(185,177)
PROFIT BEFORE TAXATION		238,990	144,724	125,117
Taxation	11	(11,290)	(28,175)	(31,226)
NET PROFIT FOR THE YEAR		227,700	116,549	93,891
OTHER COMPREHENSIVE INCOME:				
Item that will or may not be reclassified to profit or loss -				
Change in fair value of financial asset – service concession rights		58,685	852,139	(572,486)
TOTAL COMPREHENSIVE INCOME		286,385	968,688	(478,595)

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2022

	Note	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
ASSETS				
NON-CURRENT ASSETS:				
Financial asset - service concession rights	13	7,079,701	7,009,000	6,156,048
Property, plant and equipment	14	1,117	1,768	2,392
Deferred tax assets	15	122,435	133,725	161,900
Investment in subsidiary	16	466,000	466,000	466,000
Other asset		-	-	2,333
		7,669,253	7,610,493	6,788,673
CURRENT ASSETS:				
Receivables	17	652,395	948,407	517,756
Taxation recoverable		22,708	22,693	22,522
Short term deposits	18	-	313	225,420
Cash and cash equivalents	19	137,030	28,911	16,584
		812,133	1,000,324	782,282
		8,481,386	8,610,817	7,570,955
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	20	721,153	721,153	721,153
Fair value reserve	21	3,223,164	3,164,479	2,312,340
Other reserve	22	466,000	466,000	466,000
Retained earnings		498,287	270,587	154,038
		4,908,604	4,622,219	3,653,531
NON-CURRENT LIABILITIES:				
Long term loans	23	2,583,323	2,789,003	2,775,977
Redeemable preference shares	20	172,642	172,642	172,642
		2,755,965	2,961,645	2,948,619
CURRENT LIABILITIES:				
Payables	24	401,137	816,953	667,767
Short term loans	25	210,000	210,000	135,000
Current portion of long term loans	23	205,680	-	166,038
		816,817	1,026,953	968,805
		8,481,386	8,610,817	7,570,955

Approved for issue by the Board of Directors on 28 December 2022 and signed on its behalf by:

Ian Parsard Chairman

Sharon Donaldson-Levine Director

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2022

	Share Capital $'000	Fair Value Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2020					
(As previously stated)	721,153	2,312,340	466,000	219,091	3,718,584
Deferred tax adjustment (note 30)	-	-	-	(65,053)	(65,053)
BALANCE AT 30 SEPTEMBER 2020					
(Restated)	721,153	2,312,340	466,000	154,038	3,653,531
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	116,549	116,549
OTHER COMPREHENSIVE INCOME					
Change in fair value of financial asset – service concession rights	-	852,139	-	-	852,139
	-	852,139	-	116,549	968,688
BALANCE AT 30 SEPTEMBER 2021	721,153	3,164,479	466,000	270,587	4,622,219
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	227,700	227,700
OTHER COMPREHENSIVE INCOME					
Change in fair value of financial asset – service concession rights	-	58,685	-	-	58,685
	-	58,685	-	227,700	286,385
BALANCE AT 30 SEPTEMBER 2022	721,153	3,223,164	466,000	498,287	4,908,604

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 $'000	Restated 2021 $'000	Restated 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net profit		227,700	116,549	93,891
Items not affecting cash resources:				
Effect of foreign exchange loss/(gain)		3,567	(1,045)	(1,560)
Deferred taxation	11	11,290	28,175	31,226
Interest income	7	(57)	(382)	(6,848)
Depreciation	14	624	624	624
Interest expense	10	248,262	170,600	185,177
Adjustment to property, plant and equipment	14	27	-	-
(Gain)/loss on disposal of financial assets		(12)	(5)	10
		491,401	314,516	302,520
Changes in operating assets and liabilities:				
Other asset		-	2,333	(87)
Receivables		296,012	(431,581)	(169,245)
Taxation recoverable		(15)	(172)	(1,497)
Payables		(436,173)	203,587	100,957
Cash provided by operating activities		351,225	88,683	232,649
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received		57	1,312	7,466
Financial asset – service concession rights	13	(12,016)	(813)	(8,256)
Short term deposits		313	225,106	1,376
Proceeds from disposal of financial assets		12	7	60
Cash(used in)/provided by investing activities		(11,634)	225,612	646
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid		(227,905)	(225,001)	(117,402)
Loan received	25	75,000	75,000	-
Loan repaid	25	(75,000)	(153,012)	(133,401)
Cash used in financing activities		(227,905)	(303,013)	(250,803)
INCREASE IN CASH AND CASH EQUIVALENTS		111,686	11,282	(17,508)
Exchange effect on foreign cash balance		(3,567)	1,045	982
Cash and cash equivalents at beginning of year		28,911	16,584	33,110
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	137,030	28,911	16,584

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company is incorporated and domiciled in Jamaica. The registered office of the company is located at 2 Castries Drive, University of the West Indies, Mona Campus, Kingston 7, St. Andrew.

The company, (138 SL), is a publicly listed company on the Jamaica Stock Exchange.

(b) The company was established to construct and rent living facilities at the University of the West Indies under a 65 years Concession Agreement granted by the University of the West Indies (UWI).

The terms of the Concession Agreement requires the company to design, finance, construct and operate 1,584 units of student accommodation in 3 development phases in not more than 48 months.

This agreement was initially established between K Limited and the University of the West Indies on 3 July 2014. In a Deed of Novation between University of the West Indies, K Limited and 138 Student Living Jamaica Limited dated 13 November 2014, the rights and obligations set out in the Concession Agreement were transferred to 138 Student Living Jamaica Limited.

(c) The company has a 100% subsidiary, 138 SL Restoration Limited, a limited liability company, incorporated and domiciled in Jamaica and which has a 30 years Concession Agreement and may be extended for a further five (5) years. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain traditional Halls up to 722 units.

The company and its subsidiary are referred to as “the Group”.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the group’s functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by revaluation of financial asset – services concession rights. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has adopted what it considers relevant to its operations.

The group has adopted the following new and amended standards and interpretations as of 1 October 2021:

Amendments to IFRS 16, 'Leases' – Covid-19 related rent recessions – Extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 31 March 2022, the IASB published an additional amendment to extend the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the periods(s) in which the event or condition that triggers the reduced payment occurs. The adoption of this amendment did not have any impact on the group.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted

The following new standards, amendments and interpretation which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The group will assess the impact of future adoption of this amendment on its financial statements.

Amendment to IAS 16, 'Property, Plant and Equipment' (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is function properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group will assess the impact of future adoption of this amendment on its financial statements.

Annual improvements to IFRS Standards 2018-2020 cycle (effective for accounting periods beginning on or after 1 January 2022). These amendments include minor changes to the following applicable standards:

(i) IFRS 9, 'Financial Instruments' amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

(ii) IFRS 16, 'Leases' amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The group is assessing the impact the amendment will have on its 2023 financial statements.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation**

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements presents the results of the company and its subsidiary (" the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

(c) **Foreign currency translation**

Foreign currency transactions pertaining to rental income were accounted for at a fixed exchange rate as agreed by the University and management.

All other foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(d) **Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(e) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Property, plant and equipment (cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Annual rates of property, plant and equipment are as follows:

Motor vehicles	5 years

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining surplus or deficit.

(f) **Impairment of non-current assets**

Other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(g) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Current and deferred income taxes (cont'd)**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(h) **Revenue recognition**

Revenue comprises long and short term rental income and income generated from the sub letting of space to provide services for the benefit of the hall as well as foreign exchange differences.

Revenue from the provision of rental services is measured at the fair value of the consideration received or receivable.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

(i) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) **Classification**

The group classifies all its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Financial instruments (cont'd)**

Financial assets (cont'd)

(i) **Classification (cont'd)**

Amortised cost

The group's financial assets measured at amortised cost comprise trade and other receivables, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

Fair value through other comprehensive income (FVOCI)

The group has made an irrevocable election to classify its investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Fair value through other comprehensive income are financial asset – service concession rights derived from service concession agreements and are not quoted in an active market.

The terms of the concession agreements requires the company to design, finance, construct and operate 2,306 units for student accommodation. Under the first Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms in any 51 weeks period for as long as the Concession Agreement is in place, which is currently estimated to be a minimum of thirty (30) years and a maximum of sixty-five (65) years.

Under the second Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms for 38 weeks and 51 weeks respectively for 650 rooms and 72 rooms of the 722 rooms to be developed under this concession for as long as the Concession Agreement is in place, which is currently estimated to be thirty (30) years to a maximum of thirty- five (35) years.

Under both concessions, the units will be returned to UWI at the end of the term of the sub-lease free of cost. The duration of the lease is equal to the duration of the Concession Agreement.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Financial instruments (cont'd)**

Financial assets (cont'd)

(i) **Classification (cont'd)**

Fair value through other comprehensive income (FVOCI) (cont'd)

The service concession rights as described above has been classified as a financial asset.

Financial asset - service concession rights is carried at fair value, based on triennial valuations by a professionally qualified valuer and the intervening periods by the directors. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve.

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets classified as fair value through other comprehensive income are recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(iii) **Impairment**

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Financial instruments (cont'd)**

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade payables, redeemable preference shares and long and short term loans.

(j) **Receivables**

Other receivables are stated at amortised cost.

(k) **Trade and other payables**

Trade and other payables are stated at amortised cost.

(l) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(m) **Investment in subsidiary**

Investment in subsidiary is stated at cost.

(n) **Preference shares**

Preference shares are classified as a liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in construction in progress and in the profit or loss upon completion of construction. The group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative and not at the discretion of the directors. Accordingly, they are presented as financial liability.

(o) **Borrowings and borrowing costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Borrowings and borrowing costs** (cont'd)

Investment income earned on the temporary investment of qualifying assets is deducted from borrowing costs eligible for capitalisation.

(p) **Dividend distribution**

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders. In the case of interim dividends, this is recognised when declared by the directors.

(q) **Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and meet expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. The CODM has been identified as The Board of Directors in particular the executive members, who make strategic decisions.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

(r) **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case the company).

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(r) **Related parties (cont'd)**

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(c) A related party transaction is a transfer of resources, services or obligations between a related parties, regardless of whether a price is charged.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the group's accounting policies**

In the process of applying the group's accounting policies relating to recognition of the obligation of the University of the West Indies (UWI), as Grantor, in respect of its guarantee of 90% occupancy of the housing unit provided under the Concession Agreement, management has sought legal opinion on whether occupancy by groups and students other than 'Students' as defined in the Concession Agreement, ought to be included in measuring the extent to which the occupancy guarantee has been satisfied.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(a) **Critical judgements in applying the group's accounting policies (cont'd)**

The legal opinion indicates that groups and students not included in the definition of 'Students' and which were sourced by the group independently of UWI should not be included in the calculation. Management has proceeded in recognizing revenue related to the 90% occupancy guarantee on that basis.

(b) **Key sources of estimation uncertainty**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

A number of assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

Transfers of items between levels are recognised in the period they occur.

The group measures financial instruments at fair value –

The fair value of financial instruments that are not traded in an active market are deemed to be determined as follows:

(i) The face value, less any estimated credit adjustment, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables, payables, redeemable preference shares and short term loan.

(ii) The carrying value for financial asset – service concession rights is based on fair value using a revenue base approach.

The carrying value of long term liabilities approximates their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) **Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

(iii) **Measurement of the expected credit loss allowance**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iv) **Financial asset-service concession rights**

Financial asset-service concession rights is carried in the statement of financial position at market value. The group uses independent qualified appraisers to value the financial asset-service concession rights triennial and the intervening periods by the directors. The valuation approach takes into consideration various assumptions and factors including; the level of current and future occupancy rent rates, a discount rate and inflation rate. A change in any of these assumptions and factors could have a significant impact on the valuation of the financial asset-service concession rights.

5. **FINANCIAL RISK MANAGEMENT:**

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the group and the methods used to measure them.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Short term deposits
- Payables
- Short term loans
- Long term loans
- Redeemable preference shares
- Financial asset – service concession rights

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category**

Financial assets

	The Group		The Company	
	Amortised Cost		Amortised Cost	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Receivables	888,150	1,277,121	637,508	949,777
Short term deposits	-	760	-	313
Cash and cash equivalents	170,444	38,935	137,030	28,911
	1,058,594	1,316,816	774,538	979,001

	The Group		The Company	
	Fair value through other comprehensive income		Fair value through other comprehensive income	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial asset – service concession rights	8,442,711	8,513,000	7,079,701	7,009,000
Total financial assets	9,501,305	9,829,816	7,854,239	7,988,001

Financial liabilities

	Financial liabilities at amortised cost			
	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Payables	267,408	937,678	167,539	690,250
Long and short term loans	4,420,003	4,421,895	2,999,003	2,999,003
Redeemable preference shares	172,642	172,642	172,642	172,642
Total financial liabilities	4,860,053	5,532,215	3,339,184	3,861,895

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors**

The Board of Directors has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US$ foreign currency cash and cash equivalents. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The table below summarises the exposure to Jamaican dollar equivalents foreign currency risk at 30 September 2022.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 30 September 2022				
Financial assets:				
Cash and cash equivalents	119,574	29,654	92,193	22,926
Total financial assets	119,574	29,654	92,193	22,926
Net financial position	119,574	29,654	92,193	22,926

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and short term deposits accounts adjusts their translation at the year-end for 4% (2021 – 8%) depreciation and a 1% (2021 – 2%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

	The Group and the Company			
Currency	% Change in Currency Rate 2022	Effect on Profit before Taxation 2022 $'000	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000
USD	+1	(1,196)	+2	(593)
USD	-4	4,783	-8	2,372

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group does not have a significant exposure and as such, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group's short term deposits are due to mature within 12 months of the reporting date, while the group's long term loan are reprice within 6 months of the reporting date.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Price risk

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term investments, as these deposits have a short term to maturity and are constantly reinvested at current market rates. There is no significant exposure on the long term loan within the short term.

There is a significant exposure to interest rate risk on long term loan within the short term. A 2% increase/0.5% decrease in interest rates on Jamaican dollar loans would result in a $88,400,000 decrease/$22,100,000 increase in the group profit before tax and $59,980,000 decrease/$14,995,000 increase in the profit before tax for the company. A 3% increase/0.5% decrease in 2021 would result in - $132,657,000 decrease/$22,109,000 increase in the profit before tax for the group and - $89,970,000 decrease/$14,995,000 increase in the profit before tax for the company.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term deposits and bank balances.

Receivables

Revenue transactions in respect of the group's primary operations are settled in cash. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of receivables, short term deposits and cash and bank balances in the statement of financial position.

Expected credit losses on trade receivables

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The trade receivables were analyzed in compliance with IFRS 9 and the amount presented in the financial statements appears reasonable and in compliance with the required standard.

The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables as at 30 September.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses on trade receivables

30 September 2022

	The Group		
Aging	**Gross Carrying Amount $'000**	**Expected Loss Rate %**	**ECL Allowance $'000**
0-30 days	13,698	2.32	318
31-60 days	12,333	4.31	531
61-90 days	2,112	4.50	95
Over 90 days	30,399	20.67	6,707
	58,542		7,651
UWI Mona - 90% Occupancy Guarantee	379,814	2.99	11,380
UWI Mona - other	480,892	2.93	14,069
	919,248		33,100

30 September 2021

	The Group		
Aging	**Gross Carrying Amount $'000**	**Expected Loss Rate %**	**ECL Allowance $'000**
0-30 days	14,947	1.81	270
31-60 days	2,247	6.45	145
61-90 days	837	10.63	89
Over 90 days	63,688	27.65	17,607
	81,719		18,111
UWI Mona - 90% Occupancy Guarantee	758,899	11.12	84,365
UWI Mona - other	553,148	2.99	16,594
	1,393,766		119,070

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses on trade receivables

Movements in the impairment allowance for trade receivables are as follows:

	2022 $'000	2021 $'000
At 1 October 2021	119,070	342,395
Reversal of provision	(58,464)	(275,123)
Receivables written off during the year as uncollectible	(27,706)	(31,486)
Provision for expected credit losses	(4,799)	(12,530)
Other provision	4,999	95,814
At 30 September	33,100	119,070

30 September 2022

	The Company		
Aging	Gross Carrying Amount $'000	Expected Loss Rate %	ECL Allowance $'000
0-30 days	8,199	1.00	82
31-60 days	11,319	4.06	459
61-90 days	2,033	4.30	88
Over 90 days	19,325	20.64	3,988
	40,876		4,617
90% Occupancy Guarantee	379,338	3.00	11,380
	420,214		15,997

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses on trade receivables

30 September 2021

	The Company		
Aging	Gross Carrying Amount $'000	Expected Loss Rate %	ECL Allowance $'000
0-30 days	11,075	1.0	111
31-60 days	1,182	5.8	69
61-90 days	594	11.1	66
Over 90 days	45,005	28.18	12,684
	57,856		12,930
90% Occupancy Guarantee	707,371	11.19	79,220
	765,227		92,150

Movements in the impairment allowance for trade receivables are as follows:

	2022 $'000	2021 $'000
At 1 October 2021	92,150	117,172
Receivables written off during the year as uncollectible	(21,271)	(26,727)
Provision for expected credit losses	(54,882)	1,705
At 30 September	15,997	92,150

(iii) **Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis.
(ii) Maintaining a portfolio of short term deposits balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group			
	Within 1 Year $'000	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
30 September 2022				
Payables	267,408	-	-	267,408
Long term loans	326,112	2,486,681	3,266,018	6,078,811
Redeemable preference Shares	22,443	29,924	526,870	579,237
Short term loans	217,539	-	-	217,539
Total financial liabilities (contractual maturity dates)	833,502	2,516,605	3,792,888	7,142,995
30 September 2021				
Payables	937,678	-	-	937,678
Long term loans	284,695	2,098,706	3,709,853	6,093,254
Redeemable preference shares	14,962	29,924	534,351	579,237
Short term loans	217,539	-	-	217,539
Total financial liabilities (contractual maturity dates)	1,454,874	2,128,630	4,244,204	7,827,708

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities (cont'd)

	The Company			
	Within 1 Year $'000	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
30 September 2022				
Payables	167,539	-	-	167,539
Long term loans	174,396	1,370,982	2,581,839	4,127,217
Redeemable preference shares	22,443	29,924	526,870	579,237
Short term loans	217,539	-	-	217,539
Total financial liabilities (contractual maturity dates)	581,917	1,400,906	3,108,709	5,091,532
30 September 2021				
Payables	690,250	-	-	690,250
Long term loans	203,840	1,196,377	2,663,828	4,064,045
Redeemable preference shares	14,962	29,924	534,351	579,237
Short term loans	217,539	-	-	217,539
Total financial liabilities (contractual maturity dates)	1,126,591	1,226,301	3,198,179	5,551,071

(d) **Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

6. INCOME:

Income represents revenue from the rental of dormitory accommodations. Long term rentals represents 92% (2021: 94%) of the group's revenue and 93% (2021: 97%) of the company's revenue. Short term rental represents 8% (2021: 6%) of the groups revenue and 7% (2021: 3%) of the company's revenue.

7. OTHER OPERATING INCOME:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Interest income	62	441	57	382
Other income	13,832	46,833	47,787	71,632
	13,894	47,274	47,844	72,014

8. EXPENSES BY NATURE:

Total administrative and other expenses:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Staff costs (note 9)	156,339	143,459	139,988	129,926
Advertising	3,202	681	1,794	681
Security services	734	967	715	947
Land lease	90,797	81,930	65,323	58,070
Cleaning	766	1,349	518	1,030
Audit fees	7,548	6,618	4,841	4,220
Legal and professional fees	16,525	86,798	8,464	66,512
Directors' fees	2,720	3,750	2,720	3,750
Trustee fees	7,900	7,668	4,709	4,616
Bank charges	11,634	8,304	9,325	6,502
Repairs and maintenance	23,363	10,263	17,349	6,028
Stationery and office supplies	2,627	3,715	2,627	3,690
Travelling and entertainment	1,753	89	776	89
Computer software	5,193	4,567	5,193	4,567
Utilities	103,813	85,621	59,400	44,466
Insurance	16,316	16,650	11,234	11,568
Telephone, internet and cable	68,660	146,724	33,028	53,014
Foreign exchange loss/(gain)	4,353	(864)	3,567	(1,045)
Expected credit losses	(58,464)	(194,392)	(54,882)	(1,100)
Other operating expenses	29,934	5,858	13,280	3,053
Motor vehicle expenses	2,387	1,599	2,387	1,599
Impairment	2,591	39	2,591	39
Depreciation	624	624	624	624
	501,315	422,017	335,571	402,846

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

9. **STAFF COSTS:**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Salaries and wages	127,920	117,826	111,589	104,375
Statutory deductions	15,034	13,498	15,034	13,498
Staff benefits	13,385	12,135	13,365	12,053
	156,339	143,459	139,988	129,926

The average number of persons employed by the group during the year was 93 (2021 - 111).

10. **FINANCE COSTS:**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest expense	363,487	242,209	248,262	170,600

11. **TAXATION EXPENSE:**

(a) Taxation for the year comprises:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current year expense	4,991	(35,461)	-	-
Deferred taxation (note 15)	11,699	10,435	11,290	28,175
Taxation (credit)/charge in income statement	16,690	(25,026)	11,290	28,175

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

11. **TAXATION EXPENSE (CONT'D):**

(b) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit before taxation	335,052	196,253	238,990	144,724
Tax calculated @ 25%	83,763	49,063	59,747	36,181
Adjusted for the effects of:				
Expenses not deducted for Tax purposes	(6,430)	(40,787)	(8,744)	6,323
Net effect of other charges and allowances	(60,643)	(33,302)	(39,713)	(1,683)
Taxation (credit)/charge in income statement	16,690	(25,026)	11,290	28,175

(c) Subject to agreement with the Commissioner General, Tax Administration Jamaica, the company has tax losses of $489,901,000 (2021 - $512,387,000) and the group has tax losses of $698,081,000 (2021 - $740,529,000) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of these losses.

12. **EARNINGS PER STOCK UNIT:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end which amounted to 414,500,000.

	2022 $	2021 $
Net profit attributable to Stockholders	318,362,000	221,279,000
Earnings per stock unit	$ 0.77	$ 0.53

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

13. **FINANCIAL ASSET – SERVICE CONCESSION RIGHTS:**

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At cost	5,465,427	5,458,052	3,844,521	3,843,708
Addition	27,854	7,375	12,016	813
	5,493,281	5,465,427	3,856,537	3,844,521
Fair value movement				
1 October	3,047,573	3,403,386	3,164,479	2,312,340
Amount recognised in other comprehensive income	(98,143)	(355,813)	58,685	852,139
30 September	2,949,430	3,047,573	3,223,164	3,164,479
Amount recognised in the statement of financial position	8,442,711	8,513,000	7,079,701	7,009,000

(a) Both 138 Student Living and 138 SL Restoration constructed and renovated properties and purchased furniture and fixtures. The properties are professionally valued every three years and by directors in the intervening years. The resulting valuations at 30 September 2022 were fair valued at $7.079B for 138 Student Living Limited and $1.363B for 138 SL Restoration Limited. The surplus or deficit arising was taken to other comprehensive income.

(b) The valuation methodology employed for the assessment of the fair value of the subject is an investment approach via a discounted cash flow where the following are undertaken:

Firstly a projection of net income over the proposed periods of the Concession Agreements to determine the likely termination dates of these Agreements – as per the achievements of a net IRR's on which they are predicated, is undertaken; and

Secondly a DCF is undertaken of those likely net incomes over the projected terms for both agreements in order to establish the fair value of each.

Specific Valuation Assumptions:

The following assumptions are made:

- A rental growth factor of 2.5% per annum is assumed, as the subject types of accommodation generally do not show better rental growth overtime locally and are tied to a US dollar denomination already making it fairly unstable in Jamaican dollar terms;

- Given the current levels of rentals and occupancies achieved, it is assumed that no further development of the balance of rooms as per the agreement will be executed in the foreseeable future.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

13. **FINANCIAL ASSET – SERVICE CONCESSION RIGHTS (CONT'D):**

Specific Valuation Assumptions (Cont'd):

- Expenses are projected to grow at an anticipated rate of 2.5% per annum – in line with a stabilised long term rate of inflation;
- The projected period for an after tax 15% and 9% IRR for Concessions Agreements 1 and 2 respectively was assessed at 30 and 21 years, respectively;
- Discount rate of ranging between 8.0% and 8.50% are used for the relevant cash flows as against current institutional investor target rates of 7% to 8.5% for more traditional investment real estate. Student housing tends to show lower growth rates in terms of income but are fairly stable and offer earnings that often run 'less cyclical' in their performance to more traditional investment properties, hence having the effect of reducing the 'overall risk' in real estate portfolios.
- The income that is capitalised is the net operating income from the property, which does not include taxes (except property tax where relevant) interest on loans, depreciation or appreciation.

14. **PROPERTY, PLANT AND EQUIPMENT:**

	Motor Vehicles $'000	Total $'000
At cost 1 October 2021	3,120	3,120
Adjustment	(27)	(27)
30 September 2022	3,093	3,093
Depreciation –		
1 October 2021	1,352	1,352
Charge for the year	624	624
30 September 2022	1,976	1,976
Net book value -		
30 September 2022	1,117	1,117
30 September 2021	1,768	1,768

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

15. **DEFERRED INCOME TAXES:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax liability	(13,720)	(275)	(13,720)	(275)
Deferred tax asset	194,363	192,617	136,155	134,000
Net deferred tax asset	180,643	192,342	122,435	133,725

The movement in deferred taxation is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at beginning of year	192,342	202,777	133,725	161,900
Credit/(charge) for the year (note 11)	(11,699)	(10,435)	(11,290)	(28,175)
Balance at end of year	180,643	192,342	122,435	133,725

Deferred tax is due to the following temporary differences:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest payable	(9,809)	(7,068)	(7,922)	(5,904)
Expected credit losses	9,444	2,471	13,720	275
Unused tax losses	(180,278)	(187,745)	(128,233)	(128,096)
Balance at end of year	(180,643)	(192,342)	(122,435)	(133,725)

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

16. **INVESTMENT IN SUBSIDIARY:**

	2022 $'000	2021 $'000
Investment of the company in the subsidiary:		
138 SL Restoration Limited	466,000	466,000

17. **RECEIVABLES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Receivables	58,542	81,719	40,876	57,856
Advance to contractor	-	-	2,856	-
Prepayments and deposits	1,279	823	1,279	823
138 SL Restoration Limited	-	-	231,594	274,276
Other receivables	15,866	2,314	12,449	231
UWI Mona	860,706	1,312,047	379,338	707,371
	936,393	1,396,903	668,392	1,040,557
Less: Provision for expected credit losses	(33,100)	(119,070)	(15,997)	(92,150)
	903,293	1,277,833	652,395	948,407

Included in the amount receivable from UWI Mona is $480,892,000 (2021 - $553,148,000) which represents claim made under the Concession Agreement for recovery of revenue foregone by the group consequent on UWI variation of the configuration of some double occupancy units in the Irvine Hall residence into single occupancy units. The amount of the claim is necessarily an estimate and may be settled at a significantly different amount. Such difference would be recorded in the period in which it is determined. A provision of $14,069,000 (2021 - $16,594,000) is recognised in respect of this claim.

18. **SHORT TERM DEPOSITS:**

This represents deposits with financial institutions with original maturities of greater than 90 days but less than 1 year.

19. **CASH AND CASH EQUIVALENTS:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Foreign currency accounts	119,574	29,654	92,193	22,926
Jamaican currency current accounts	50,810	9,257	44,777	5,961
Cash in hand	60	24	60	24
	170,444	38,935	137,030	28,911

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

20. **SHARE CAPITAL:**

	The Group and the Company	
	2022	2021
	$'000	$'000
Authorised -		
480,500,000 ordinary shares at no par value		
94,500,000 cumulative redeemable preference shares		
Stated capital –		
414,500,000 ordinary shares issued and fully paid	721,153	721,153
34,528,500 preference shares issued and fully paid	172,642	172,642
	893,795	893,795
Shares issued to professionals for other than cash (share based payment)	435,565	435,565
Initial public offering	505,691	505,691
Less: IPO transactions costs	(47,461)	(47,461)
	458,230	458,230
Closing balance	893,795	893,795
Less redeemable preference shares required by IFRS to be accounted for as liabilities in the financial statements	(172,642)	(172,642)
	721,153	721,153

At the end of the reporting period, the company's issued and fully paid up ordinary share capital stood at 414,500,000. This includes shares allotted in the initial public offering in November 2014 of 82,900,000 at a price of $4.00 per share.

As part of the initial public offering, the company also offered 33,680,000 cumulative redeemable preference shares at $5.00 per share. Arising from the over-subscription for these shares, an additional 848,000 shares were issued to subscribers. Preference dividend for the years 2014 to 2018 were accumulated and paid in 2022 and annually thereafter. Dividend yield on preference shares is indexed to the Government of Jamaica 180 day weighted average Treasury Bill yield plus a premium of three percent. The paid up share capital for both classes is net of transaction cost incurred of $47,461,000, an amount of $29,506,000 was included in the financial asset – service concession rights.

Share based payment

Share based payment arrangements are measured at the fair value of the goods or services received or the fair value of the equity instruments granted using the option pricing model, the inputs to that model being the share price, exercise price and the expected dividends.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

20. **SHARE CAPITAL (CONT'D):**

Share based payment (cont'd)

The share based payment is recognised as part cost of the financial asset – service concession rights with a corresponding increase in equity.

The share based payment arrangement entered on 13 November 2014 issued ordinary shares in lieu of payment for fees for consultancy and other services.

The members are prohibited from disposing of more than:

- 50% of their respective holdings of ordinary shares in Phase 1
- A further 50% of their remaining holdings in Phase 2
- The remainder of their holdings in Phase 3

21. **FAIR VALUE RESERVE:**

This represents fair value movement in financial asset - service concession rights.

22. **OTHER RESERVE:**

This represents the value of shares in subsidiary,138 SL Restoration Limited, acquired for consideration other than cash.

23. **LONG TERM LOANS:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
JCSD Trustees Services Limited – Trustee for noteholders (series 1, 2A, 2B and D)	4,210,003	4,210,003	2,789,003	2,789,003
Sagicor loan (ii)	-	1,892	-	-
	4,210,003	4,211,895	2,789,003	2,789,003
Less – current portion	(362,634)	-	(205,680)	-
	3,847,369	4,211,895	2,583,323	2,789,003

(i) This represents long term notes issued through CIBC FirstCaribbean International Bank, with JCSD Trustee Services Limited being the Trustee for the note holders, with fifteen (15) years tenure and a two (2) year extension was granted and seven (7) years carrying interest at six (6) months weighted average treasury bill yield (WATBY) plus 350 basis points and one loan at a fixed rate of 8.5%. During the financial year 2021, series 2A and 2B secured note were restructured and approved by the Bondholders for maturity date to be 29 June 2027 in lieu of 29 June 2025.

Series 1 secured note was also restructured and approved by the bondholders for maturity date to be 20 September 2032 in lieu of 20 September 2030. Series D secured note was restructured and approved by the bondholders for maturity date to be 31 May 2028 in lieu of 31 May 2026.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

23. **LONG TERM LOANS (CONT'D):**

(ii) This loan is secured by first demand debenture over fixed and floating assets of 138 Student Living Jamaica Limited, it attracts interest at 7.5% per annum and is for a period of 4 years. The loan was repaid during the year.

The loan facilities are secured by the following:

(a) Debenture over the fixed and floating assets of the issuer inclusive of the building under Phase1.
(b) Assignment of rights under Concession Agreement to cover Phase 1 of the project.
(c) Assignment of all insurance policies.
(d) Assignment of lease for the benefit of the note holders.
(e) Debt service reserve account with at least one period debt service.
(f) Promissory notes
(g) Maintenance reserve account with minimum value of deposits of up to 3% of the total value of the building.

The subsidiary, 138 SL Restoration Limited also raised funding for the renovation works for Gerald Lalor Hall and the reconstruction of Irvine Hall through long term instruments issued through Victoria Mutual Wealth Management and Money Masters Limited to raise up to $2.795 billion for a period of 15 years. Interest is fixed at 11.5% for the first six months and thereafter a variable rate of 350 basis points above the weighted average rate applicable to the six month Jamaica Treasury Bill Tender (WATBY).

24. **PAYABLES:**

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	42,467	381,482	35,653	370,595
Rent deposit	193,106	115,490	157,630	71,942
Due to contractor	15,966	16,535	10,966	11,535
Loan interest	39,237	28,269	31,688	23,614
Interest payable (related to dividend on preference shares)	38,615	26,331	38,615	26,331
University of The West Indies	190,360	423,948	102,881	281,800
Other	42,123	120,690	23,704	31,136
	561,874	1,112,745	401,137	816,953

25. **SHORT TERM LOANS:**

Sagicor Bank Jamaica Limited extended an unsecured line of credit for twelve months at an interest rate of 8% per annum with a maturity date of 21 June 2022. This was repaid during the year and a new unsecured line of credit for twelve months at an interest rate of 8% per annum with maturity date of 21 June 2023 was obtained. The other Sagicor loan is unsecured at a rate of interest of 9% per annum and matured 30 September 2023.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

26. **RELATED PARTY TRANSACTIONS AND BALANCES:**

	The Group and the Company	
	2022	2021
	$'000	$'000
Transactions during the year		
138 SL Restoration Limited – payments made	202,484	124,832
138 SL Restoration Limited – Reimbursements	245,166	121,688
Key management compensation -		
Key management includes senior manager –		
Salaries and other short-term employee benefits	19,922	15,856
Directors' emoluments –		
Fees	2,720	3,750
Year end balances		
With related company:		
Due from 138 SL Restoration Limited		
(included in receivables)	231,594	274,276

27. **NET PROFIT:**

	2022	2021
	$'000	$'000
Reflected in the financial statements of:		
The company	227,700	139,832
Subsidiary	90,662	104,730
	318,362	244,562

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

28. **LEASE COMMMITMENTS:**

Lease commitments to be paid annually over the life of the Concession Agreement, is subject to the agreed terms contained therein and at 1,584 rooms (100% build out) at the end of phase 3, the company will be liable to pay $100,000,000 per annum adjusted for 50% of the annual Jamaican Consumer Price Index, unpaid rooms and residents breaking contracts. Payments during phases 1 and 2 were calculated based on the number of rooms and the other adjustable factors mentioned. Rooms completed to date total 1008.

138 SL Restoration Limited lease commitment is based on the maximum 722 rooms as a percentage of 1,584 rooms and $100,000,000 adjusted for the Consumer Price Index and other factors mentioned above.

29. **IMPACT OF COVID-19:**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations.

The following measures that were taken by management in 2020 remained in force for 2022:

i. Consolidation of accommodation thus reducing utility and staff costs (primarily security and housekeeping which forms our largest staff classification);

ii. Deferral of some capital expenditures.

iii. Minimize maintenance activities to only essential services.

For the 2022 financial year the Covid-19 pandemic continue to have a negative impact on occupancy and revenues. During the period, occupancy recovered from an average of 36% in the prior year to an average of 52% during the current financial year.

The lifting of the COVID-19 restrictions and the subsequent return to face to face classes has resulted in a return to normalcy. Although the Ministry of Health and Wellness relaxed the national COVID-19 measures, the management of 138 SL continues to place high priority on the health and wellbeing of our employees and residents. We have chosen to maintain certain safety measures that were implemented.

Additionally, 138 Student Living Jamaica limited and 138 SL Restoration Limited are both governed by Concession Agreements with the UWI. The Concession Agreements guarantee a 90% occupancy of the accommodation.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES:**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the group's statement of comprehensive income at 30 September 2020:

	As previously reported $	Effect of restatement $	As restated $
REVENUE:			
Income	1,217,865	-	1,217,865
Other operating income	107,428	-	107,428
	1,325,293	-	1,325,293
EXPENSES:			
Administrative and other expenses	(757,566)	-	(757,566)
PROFIT FROM OPERATION	567,727	-	567,727
Finance costs	(257,358)	-	(257,358)
PROFIT BEFORE TAXATION	310,369	-	310,369
Taxation	6,410	(65,053)	(58,643)
NET PROFIT FOR THE YEAR	316,779	(65,053)	251,726
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss –			
Change in fair value of financial asset - Service concession rights	(1,328,037)	-	(1,328,037)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,011,258)	(65,053)	(1,076,311)

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of financial position at 30 September 2020:

	As previously reported $	Effect of restatement $	As restated $
ASSETS:			
NON-CURRENT ASSETS:			
Financial assets- service concession rights	8,861,443	-	8,861,443
Property, plant and equipment	2,392	-	2,392
Deferred tax assets	267,830	(65,053)	202,777
Other asset	3,850	-	3,850
	9,135,515	(65,053)	9,070,462
CURRENT ASSETS:			
Receivables	619,946	-	619,946
Taxation recoverable	24,509	-	24,509
Short term deposits	258,560	-	258,560
Cash and cash equivalents	43,484	-	43,484
	946,499	-	946,499
	10,082,014	(65,053)	10,016,961
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital	721,153	-	721,153
Fair value reserves	3,403,391	-	3,403,391
Retained earnings	409,963	(65,053)	344,910
	4,534,507	(65,053)	4,469,454
NON-CURRENT LIABILITIES:			
Long term loans	4,206,004	-	4,206,004
Redeemable preference shares	172,642	-	172,642
	4,378,646	-	4,378,646
CUURENT LIABILITIES:			
Payables	825,179	-	825,179
Taxation	42,644	-	42,644
Short term loans	135,000	-	135,000.
Current portion of long term loans	166,038	-	166,038
	1,168,861	-	1,168,861
	10,082,014	(65,053)	10,016,961

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of cash flow on 30 September 2020:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	316,779	(66,053)	251,726
Items not affecting cash resources:			
Effect of foreign exchange gain	(1,799)	-	(1,799)
Taxation expense	(6,410)	65,053	58,643
Interest income	(7,875)	-	(7,875)
Interest expense	257,358	-	257,358
Depreciation	624	-	624
Loss on disposal of financial assets	10	-	10
	558,687	-	558,687
Change in operating assets and liabilities:			
Other asset	(87)	-	(87)
Receivables	(323,245)	-	(323,245)
Taxation recoverable	(1,739)	-	(1,739)
Payables	90,679	-	90,679
Cash provided by operating activities	324,295	-	324,295
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to financial asset – service concession rights	(10,071)	-	(10,071)
Short term deposits	690	-	690
Interest received	7,661	-	7,661
Proceeds from disposal of financial assets	60	-	60
Cash used in investing activities	(1,660)	-	(1,660)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid	(189,583)	-	(189,583)
Loans received	-	-	-
Loans repaid	(139,905)	-	(139,905)
Cash used in financing activities	(329,488)	-	(329,488)
DECREASE IN CASH AND CASH EQUIVALENTS	(6,853)	-	(6,853)
Exchange effect on foreign cash balance	1,221	-	1,221
Cash and cash equivalents at beginning of year	49,116	-	49,116
CASH AND CASH EQUIVALENTS AT END OF YEAR	43,484	-	43,484

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the group's statement of comprehensive income at 30 September 2021:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
REVENUE:			
Income	813,205	-	813,205
Other operating income	47,274	-	47,274
	860,479	-	860,479
EXPENSES:			
Administrative and other expenses	(422,017)	-	(422,017)
PROFIT FROM OPERATION	438,462	-	438,462
Finance costs	(242,209)	-	(242,209)
PROFIT BEFORE TAXATION	196,253	-	196,253
Taxation	48,309	(23,283)	25,026
NET PROFIT FOR THE YEAR	244,562	(23,283)	221,279
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss –			
Change in fair value of financial asset - Service concession rights	(355,818)	-	(355,818)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(111,256)	(23,283)	(134,539)

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of financial position at 30 September 2021:

	As previously reported	Effect of restatement	As restated
	$	$	$
ASSETS:			
NON-CURRENT ASSETS:			
Financial assets- service concession rights	8,513,000	-	8,513,000
Property, plant and equipment	1,768	-	1,768
Deferred tax assets	280,678	(88,336)	192,342
	8,795,446	(88,336)	8,707,110
CURRENT ASSETS:			
Receivables	1,277,833	-	1,277,833
Taxation recoverable	24,742	-	24,742
Short term deposits	760	-	760
Cash and cash equivalents	38,935	-	38,935
	1,342,270	-	1,342,270
	10,137,716	(88,336)	10,049,380
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital	721,153	-	721,153
Fair value reserves	3,047,573	-	3,047,573
Retained earnings	654,525	(88,336)	566,189
	4,423,251	(88,336)	4,334,915
NON-CURRENT LIABILITIES:			
Long term loans	4,211,895	-	4,211,895
Redeemable preference shares	172,642	-	172,642
	4,384,537	-	4,384,537
CUURENT LIABILITIES:			
Payables	1,112,745	-	1,112,745
Taxation	7,183	-	7,183
Short term loans	210,000	-	210,000
Current portion of long term loans	-	-	-
	1,329,928	-	1,329,928
	10,137,716	(88,336)	10,049,380

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of cash flow on 30 September 2021:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	244,562	(23,283)	221,279
Items not affecting cash resources:			
Effect of foreign exchange gain	(864)	-	(864)
Taxation expense	(48,309)	23,283	(25,026)
Interest income	(441)	-	(441)
Interest expense	242,209	-	242,209
Depreciation	624	-	624
Loss on disposal of financial assets	5	-	5
	437,776	-	437,776
Change in operating assets and liabilities:			
Other asset	3,850	-	3,850
Receivables	(662,156)	-	(662,156)
Taxation recoverable	(234)	-	(234)
Payables	362,133	-	362,133
Cash provided by operating activities	141,369	-	141,369
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to financial asset – service concession rights	(7,375)	-	(7,375)
Short term deposits	257,799	-	257,799
Interest received	1,566	-	1,566
Proceeds from disposal of financial assets	7	-	7
Cash used in investing activities	251,997	-	251,997
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid	(313,632)	-	(313,632)
Loans received	75,000	-	75,000
Loans repaid	(160,147)	-	(160,147)
Cash used in financing activities	(398,779)	-	(398,779)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,413)	-	(5,413)
Exchange effect on foreign cash balance	864	-	864
Cash and cash equivalents at beginning of year	43,484	-	43,484
CASH AND CASH EQUIVALENTS AT END OF YEAR	38,935	-	38,935

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the company's statement of comprehensive income at 30 September 2020:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
REVENUE:			
Income	689,355	-	689,355
Other operating income	117,691	-	117,691
	807,046	-	807,046
EXPENSES:			
Administrative and other expenses	(496,752)	-	(496,752)
PROFIT FROM OPERATION	310,294	-	310,294
Finance costs	(185,177)	-	(185,177)
PROFIT BEFORE TAXATION	125,117	-	125,117
Taxation	33,827	(65,053)	(31,226)
NET PROFIT FOR THE YEAR	158,944	(65,053)	93,891
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss –			
Change in fair value of financial asset - Service concession rights	(572,486)	-	(572,486)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(413,542)	(65,053)	(478,595)

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of financial position at 30 September 2020:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
ASSETS:			
NON-CURRENT ASSETS:			
Financial assets- service concession rights	6,156,048	-	6,156,048
Property, plant and equipment	2,392	-	2,392
Deferred tax assets	226,953	(65,053)	161,900
Investment in subsidiary	466,000	-	466,000
	6,853,726	(65,053)	6,788,673
CURRENT ASSETS:			
Receivables	517,756	-	517,756
Taxation recoverable	22,522	-	22,522
Short term deposits	225,420	-	225,420
Cash and cash equivalents	16,584	-	16,584
	782,282	-	782,282
	7,636,008	(65,053)	7,570,955
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital	721,153	-	721,153
Fair value reserves	2,312,340	-	2,312,340
Reserve	466,000	-	466,000
Retained earnings	219,091	(65,053)	154,038
	3,718,584	(65,053)	3,653,581
NON-CURRENT LIABILITIES:			
Long term loans	2,775,977	-	2,775,977
Redeemable preference shares	172,642	-	172,642
	2,948,619	-	2,948,619
CUURENT LIABILITIES:			
Payables	667,767	-	667,767
Taxation	135,000	-	135,000
Current portion of long term loans	166,038	-	166,038
	968,805	-	968,805
	7,636,008	(65,053)	7,570,955

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of cash flow on 30 September 2020:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	158,944	(65,053)	93,891
Items not affecting cash resources:			
Effect of foreign exchange gain	(1,560)	-	(1,560)
Taxation expense	(33,827)	65,053	31,226
Interest income	(6,848)	-	(6,848)
Interest expense	185,177	-	185,177
Depreciation	624	-	624
Loss on disposal of financial assets	10	-	10
	302,520	-	302,520
Change in operating assets and liabilities:			
Other asset	(87)	-	(87)
Receivables	(169,245)	-	(169,245)
Taxation recoverable	(1,496)	-	(1,496)
Payables	100,957	-	100,957
Cash provided by operating activities	232,649	-	232,649
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to financial asset – service concession rights	(8,256)	-	(8,256)
Short term deposits	1,376	-	1,376
Interest received	7,466	-	7,466
Proceeds from disposal of financial assets	60	-	60
Cash used in investing activities	646	-	646
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid	(117,402)	-	(117,402)
Loans received	-	-	-
Loans repaid	(133,401)	-	(133,401)
Cash used in financing activities	(250,803)	-	(250,803)
DECREASE IN CASH AND CASH EQUIVALENTS	(17,508)	-	(17,508)
Exchange effect on foreign cash balance	982	-	982
Cash and cash equivalents at beginning of year	33,110	-	33,110
CASH AND CASH EQUIVALENTS AT END OF YEAR	16,584	-	16,584

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of comprehensive income at 30 September 2021:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
REVENUE:			
Income	646,156	-	641,156
Other operating income	72,014	-	72,014
	718,170	-	718,170
EXPENSES:			
Administrative and other expenses	(402,846)	-	(402,846)
PROFIT FROM OPERATION	315,324	-	315,324
Finance costs	(170,600)	-	(170,600)
PROFIT BEFORE TAXATION	144,724	-	144,724
Taxation	(4,892)	(23,283)	(28,175)
NET PROFIT FOR THE YEAR	139,832	(23,283)	116,549
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss –			
Change in fair value of financial asset - Service concession rights	852,139	-	852,139
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	991,971	(23,283)	968,688

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of financial position at 30 September 2021:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
ASSETS:			
NON-CURRENT ASSETS:			
Financial assets- service concession rights	7,009,000	-	7,009,000
Property, plant and equipment	1,768	-	1,768
Deferred tax assets	222,061	(88,336)	133,725
Investment in subsidiary	466,000	-	466,000
	7,698,829	(88,336)	7,610,493
CURRENT ASSETS:			
Receivables	948,407	-	948,407
Taxation recoverable	22,693	-	22,693
Short term deposits	313	-	313
Cash and cash equivalents	28,911	-	28,911
	1,000,324	-	1,000,324
	8,699,153	(88,336)	8,610,817
EQUITY AND LIABILITIES:			
EQUITY:			
Share capital	721,153	-	721,153
Fair value reserves	3,164,479	-	3,164,479
Reserve	466,000	-	466,000
Retained earnings	358,923	(88,336)	270,587
	4,710,555	(88,336)	4,622,219
NON-CURRENT LIABILITIES:			
Long term loans	2,789,003	-	2,789,003
Redeemable preference shares	172,642	-	172,642
	2,961,645	-	2,961,645
CUURENT LIABILITIES:			
Payables	816,953	-	816,953
Taxation	210,000	-	210,000
	1,026,953	-	1,026,953
	8,699,153	(88,336)	8,610,817

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of cash flow on 30 September 2021:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	139,832	(23,283)	116,549
Items not affecting cash resources:			
Effect of foreign exchange gain	(1,045)	-	(1,045)
Taxation expense	4,892	23,283	4,892
Interest income	(382)	-	(382)
Interest expense	170,600	-	170,600
Depreciation	624	-	624
Gain on disposal of financial assets	(5)	-	(5)
	314,516	-	314,516
Change in operating assets and liabilities:			
Other asset	2,333	-	2,333
Receivables	(431,581)	-	(431,581)
Taxation recoverable	(172)	-	(172)
Payables	203,587	-	203,587
Cash provided by operating activities	88,683	-	88,683
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to financial asset – service concession rights	(813)	-	(813)
Short term deposits	225,106	-	225,106
Interest received	1,312	-	1,312
Proceeds from disposal of financial assets	7	-	7
Cash provided by investing activities	225,612	-	225,612
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid	(225,001)	-	(225,001)
Loans received	75,000	-	75,000
Loans repaid	(153,012)	-	(153,012)
Cash used in financing activities	(303,013)	-	(303,013)
DECREASE IN CASH AND CASH EQUIVALENTS	11,282	-	11,282
Exchange effect on foreign cash balance	1,045	-	1,045
Cash and cash equivalents at beginning of year	16,584	-	16,584
CASH AND CASH EQUIVALENTS AT END OF YEAR	28,911	-	28,911