

LIBERTY SEVERN POINT (CARDIFF) LIMITED
Company Number 04313995

Unaudited Financial Statements
For the year ended 31 December 2021

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LIBERTY SEVERN POINT (CARDIFF) LIMITED

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LIBERTY SEVERN POINT (CARDIFF) LIMITED

Registered number: 04313995

DIRECTORS' REPORT

For the year ended 31 December 2021

The Directors of Liberty Severn Point (Cardiff) Limited (the 'Company') present their unaudited Financial Statements for the period ended 31 December 2021. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Accordingly, the Directors have elected to take advantage of the exemption from preparing a Strategic report.

PRINCIPAL ACTIVITY

The principal activity of the Company is the letting and management of property. The directors expect to continue to carry out these activities in the future.

DIRECTORS

The Directors set out below held office during the period and to the date of this report unless otherwise stated:

C Szpojnarowicz

J Lister

D Faulkner (resigned 20th September 2022)

M Burt (appointed 20th September 2022)

N Hayes (appointed 20th September 2022)

SECRETARY

The Secretary of the Company during the period and up to the date of this report unless otherwise stated:

C Szpojnarowicz

REPORTING PERIOD

The financial statements presented are for the year ended 31 December 2021. The prior period reported the 16-month period to the 31st December 2020 and therefore the prior period comparatives are not entirely comparable to the current period.

GOING CONCERN

The Company is part of The Unite Group plc ('Unite') from which it receives working capital funding. Unite has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company, and in particular, will not seek repayment of the amounts currently made available. In determining the Company's Going Concern assessment the Directors have, therefore, considered the wider Unite Group's future performance.

The Directors have considered a range of scenarios for future performance through the remainder of the 2021/22 and 2022/23 academic years, with a focus on forecast liquidity and ICR covenant performance. This included a base case assuming cash collection and performance for the 2021/22 academic year remains in line with current trends and a return to 97% occupancy for the 2022/23 academic year; and a reasonable worst case scenario where income for the 2022/23 academic year was impacted by reduced sales broadly equivalent to the 2020/21 academic year where occupancy was 88%. Under each of these scenarios, the Directors are satisfied that the Group has sufficient liquidity and will maintain covenant compliance over the next 12 months.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2021

GOING CONCERN (CONTINUED)

To further support the Directors going concern assessment, a 'Reverse Stress Test' was performed to determine the level of performance at which adopting the going concern basis of preparation may not be appropriate. This involved assessing the minimum amount of income required to ensure financial covenants would not be breached. Within the tightest covenant, occupancy could fall to approximately 60% before there would be a breach.

As at the date of this report, whilst the global outlook as a result of Covid-19 is improving, it continues to be uncertain and the range of potential outcomes is significant. In particular, should the impact on trading conditions be more prolonged or severe than currently forecast by the Directors, namely if there is a further sustained national lockdown that results in Universities not opening physically and students either not arriving at University or returning home, the Group's going concern status may be dependent on its ability to seek interest cover covenant waivers from its lenders. The Directors are satisfied that the possibility of such an outcome is sufficiently remote that adopting the going concern basis of preparation is appropriate.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of authorisation of these financial statements.

PRIOR PERIOD CORRECTION

The prior period balance sheet has been restated due to an error in the classification of the intercompany loan balances for 2020.

See Note 1 to these financial statements for more details on this correction.

Approved by the Board of Directors on 20th October 2022 and signed on its behalf by:



.....
J Lister
Director

LIBERTY SEVERN POINT (CARDIFF) LIMITED

Registered number: 04313995

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 December 2021

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £000	16-month period ended 31 December 2020 £000
Turnover		1	1,331
Cost of sales		-	(1,330)
Gross profit		1	1
Administrative expenses		-	-
Operating profit and profit before tax	4	1	1
Tax on profit	5	-	-
Profit for the financial period		1	1

All items in the above statement derive from continuing operations.

There are no items of other comprehensive income for either period and accordingly no statement of comprehensive income has been presented.

The accompanying notes form an integral part of these Financial Statements.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

BALANCE SHEET

As at 31 December 2021

Company Number 04313995

	Note	31 December 2021 £000	31 December 2020 as restated £000
Fixed assets			
Amounts due from group undertakings (as restated)	6	<u>4,009</u>	<u>3,742</u>
Current assets			
Debtors due within one year (as restated)	7	3	2
Cash at bank and in hand		<u>-</u>	<u>262</u>
		3	264
Creditors: amounts falling due within one year	8	<u>(3,709)</u>	<u>(3,704)</u>
Net current assets		<u>(3,706)</u>	<u>(3,440)</u>
Total assets less current liabilities		303	302
Net assets		<u>303</u>	<u>302</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		<u>303</u>	<u>302</u>
Equity Shareholder's funds		<u>303</u>	<u>302</u>

The accompanying notes form an integral part of these Financial Statements.

For the period ended 31 December 2021 the company was entitled to exemption from audit under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 20th October 2022. They were signed on its behalf by:



.....
J Lister
Director

LIBERTY SEVERN POINT (CARDIFF) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital	Profit and loss account	Total
	£000	£000	£000
At 31 August 2019 (Audited)	-	301	301
Profit for the period	-	1	1
Total comprehensive income	-	1	1
At 31 December 2020 (Unaudited)	-	302	302
Profit for the year	-	1	1
Total comprehensive income	-	1	1
At 31 December 2021 (Unaudited)	-	303	303

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and the functional and presentational currency of the Company is pounds sterling (£). They have all been applied consistently throughout the period and to the preceding year. The accounting policies adopted are described below.

General information and basis of accounting

Liberty Severn Point (Cardiff) Limited is a private company limited by shares under the Companies Act 2006 and registered in England and Wales. The address of the registered office is South Quay, Temple Back, Bristol, BS1 6FL. The nature of the Company's operation and its principal activities are set out in the Directors' report.

The financial statements have been prepared under the going concern basis, historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company is included in the consolidated financial statements of The Unite Group Plc which may be obtained at South Quay, Temple Back, Bristol, United Kingdom, BS1 6FL. The Company meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the disclosure exemptions in relation to financial instruments, the presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

These financial statements present information for the 12 month period to 31 December 2021. The prior period was for the 16 month period to the 31st December 2020 and therefore the prior period comparatives are not entirely comparable to the current period.

Turnover and Cost of sales

Turnover, which relates to the provision of student accommodation, represents rental income which is accounted for on an accruals basis. Rental income received in advance is recognised as deferred income on the balance sheet and recognised as turnover over the rental contract term to which it relates. Turnover is stated net of VAT and is wholly derived from the United Kingdom. Cost of sales are operating costs relating to the provision of turnover and other income associated with student accommodation and are also accounted for on an accruals basis.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Taxation

As a REIT, UK property rental profits and gains on disposal of UK investment properties are exempt from UK tax with the exception of certain non-core income streams. The Company pays UK corporation tax on the profits from its non-core income streams.

The tax charge for the year is recognised in the profit and loss account and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. Current tax, being UK corporation tax on the residual business (i.e. non-core income streams), is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments

The Company's financial instruments comprise cash at bank and in hand and bank overdrafts, trade and other debtors and creditors and intercompany balances. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost. Financial assets are generally derecognised when the contractual rights to the cash flows from the financial asset expire or are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Leases

Rentals payable under operating leases are charged to the profit and loss account on an accrual basis over the term of the lease on a straight line basis.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2021**

ACCOUNTING POLICIES (CONTINUED)

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £3,706,000, which the directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by The Unite Group plc ('Unite'). Unite has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company, and in particular, will not seek repayment of the amounts currently made available. As with any entity placing reliance on other group entities for financial support, the Company acknowledges that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this understanding the directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence; thus they continue to adopt the going concern basis in preparing the financial statements.

Further details can be found in the Directors' Report on page 2.

Prior period correction

The prior period balance sheet has been restated due to an error in the classification of intercompany loan balances between fixed and current assets.

In the previous period intercompany amounts totalling £3,742,000 were classified as current assets when they are fixed assets, since they are intended for use on a continuing basis.

The resulting impact of the restatement has been to increase loans to group undertakings in fixed assets by £3,742,000 and to decrease debtors in current assets by £3,742,000.

There has been no change in the 2020 profit or net asset in respect of this correction.

Called up share capital

Called up share capital reserves contains the nominal value of the shares issued.

Profit and loss reserves

Profit and loss reserves represents cumulative profits and losses, net of distributions and other adjustments.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

No material items of judgement and uncertainty have been identified relating to these financial statements. There are no material items of estimation uncertainty.

LIBERTY SEVERN POINT (CARDIFF) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 16-month period ended 31 December 2021****3. STAFF COSTS**

	Year ended 31 December 2021	16-month period ended 31 December 2020
	£000	£000
Salary and wages	-	75
Pension costs	-	3
Social security costs	-	7
Total salary and wage costs	<u>-</u>	<u>85</u>
Average monthly number of staff - operations	<u>-</u>	<u>-</u>

Directors' remuneration was borne by another group company in both periods. Directors have not performed any qualifying services for this entity during the period.

4. OPERATING PROFIT

The company's financial statements were exempt from audit in both the current or prior period, thus no fees were payable.

5. TAX ON PROFIT

The current tax charge for the year is £nil (2020: £nil).

6. AMOUNTS DUE FROM GROUP UNDERTAKINGS (as restated)

	31 December 2021	31 December 2020 as restated
	£000	£000
Amounts owed from Group related undertakings	<u>4,009</u>	<u>3,742</u>
	<u>4,009</u>	<u>3,742</u>

The amounts owed by group related undertakings are repayable on demand but are intended for use on a continuing basis.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 16-month period ended 31 December 2021

7. DEBTORS DUE WITHIN ONE YEAR (as restated)

	31 December 2021	31 December 2020 as restated
	£000	£000
Other debtors	2	2
	<u>2</u>	<u>2</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	£000	£000
Trade creditors	9	9
Amounts owed to Group related undertakings	3,699	3,695
	<u>3,708</u>	<u>3,704</u>

The amounts owed to group related undertakings are repayable on demand, interest free and unsecured.

9. SHARE CAPITAL

Allotted, called up and fully paid

	31 December 2021	31 December 2020
	£	£
Ordinary £1 share	3	3

The Company has one class of ordinary share which carry no right to fixed income.

10. CONTROLLING PARTIES

The Company's immediate parent company is Liberty Living II Holdco 2 Limited, a company incorporated and registered in England and Wales.

The company's ultimate parent undertaking is The Unite Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The Unite Group plc. The consolidated accounts of the this company are available to the public and can be obtained from the registered office, South Quay, Temple Back, Bristol, BS1 6FL.

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 16-month period ended 31 December 2021

11. OTHER FINANCIAL COMMITMENTS

On 28 November 2017, Liberty Living Finance plc had issued two £300m bond tranches with maturities of seven and twelve years respectively. The Company, along with other Group related undertakings, has irrevocably and unconditionally, jointly and severally, guaranteed to meet the obligations of Liberty Living Finance plc with respect to the amounts borrowed in the event Liberty Living Finance plc fails to meet its obligations when they fall due.

The Company became guarantor of the £450m Unite Group plc Facilities Agreement in September 2021 and remains a guarantor of the Unite Bonds, and certain Unite subsidiaries remain as guarantors of the Liberty Living (HE) Holdings Group bonds. On 27 May 2021 the Company became a guarantor of a note purchase agreement issued by The Unite Group plc for £150m, maturing on 27 May 2031. This new borrowing helped refinance the repayment of bank facilities that Unite Group plc repaid in September 2021, facilities that had also been guaranteed by the Company.