

UNIFINANCE 1 LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Company number 4619780



UNIFINANCE 1 LIMITED

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UNIFINANCE 1 LIMITED

OFFICERS AND ADVISORS

Directors

Wilmington Trust SP Services (London) Limited
Martin McDermott
Sunil Masson

Secretary

Wilmington Trust SP Services (London) Limited
Fifth Floor
6, Broad Street Place
London
EC2M 7JH

Statutory Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered Office

Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London
EC2M 7JH

UNIFINANCE 1 LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

Incorporation

Unifinance 1 Limited is a special purpose limited liability Company incorporated in England and Wales whose registration number is 4619780

Principal Activity

Unifinance 1 Limited issued £18,000,000 6 12% asset backed fixed notes (due 2031) at the issue price of 100% of their initial principal amount on 28 February 2003

The principal amount was on-lent to Unifin Cityinc Limited "the borrower", a special purpose Company incorporated under the laws of England and Wales. The borrower is owned by Shaftesbury Housing Association and is a limited liability Company (registration number 4525112) subject to United Kingdom corporation tax

The borrower utilised the funds to partly re-finance the purchase of the primary leases and the variation of the secondary leases with respect to two university halls of residence, namely Paul Robeson House of 1 Penton Rise London WC1 9EH and Manna Ash House of 8-20 Pocock Street London SE1 0BJ

Unifin Cityinc Limited's obligations are secured in favour of the Bank of New York acting as trustee of the security created by or pursuant to the obligor Deed of Charge (principally a first legal charge over each of the leases relating to the two halls). Bank of New York also acts as Issuer Trustee, Note Trustee, Principal Paying Agency and Account Bank

Unifinance 1 Limited utilises Wilmington Trust SP Services (London) Limited (formerly SPV Management Limited) for the provision of corporate administration and secretarial services

Principal risk and Key performance indicator

The principal risk facing the Company is the default risk associated with the loan receivable. This is regularly monitored. The key performance indicator is the operating profit margin of the Company

Directors

The Directors who served during the year were as follows

Wilmington Trust SP Services (London) Limited
Martin McDermott
Sunil Masson

Share Capital

On incorporation the authorised share capital of the Company was divided into 1,000 ordinary shares of £1 each. The entire share capital is held by Wilmington Trust SP Services (London) Limited as share trustee on trust for certain charitable purposes in accordance with the terms of a share trust deed dated 28 February 2003

Results

The results for the year ended 31 December 2009 are set out in the profit and loss account on page 8

The Directors recommend that no dividends be paid

UNIFINANCE 1 LIMITED

DIRECTORS REPORT cont'd

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as each of the Directors of the Company at the date when this report was approved are aware:

- (a) there is no relevant audit information of which the Company's auditors are unaware, and
- (b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Mignon Clarke
Wilmington Trust SP Services (London) Limited
London
29 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIFINANCE 1 LIMITED

We have audited the financial statements of Unifinance 1 Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

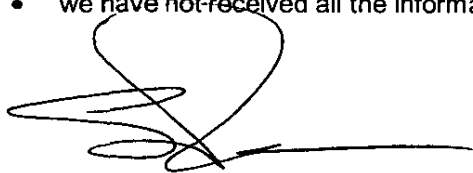
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIFINANCE 1 LIMITED
cont'd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Rowe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date 30 September 2010

UNIFINANCE 1 LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Administrative expenses		(42,110)	(24,724)
Other operating income		<u>42,827</u>	<u>26,319</u>
Profit on ordinary activities before interest and taxation		717	1,595
Interest receivable and similar income	4	948,592	1,077,997
Interest payable and similar charges	5	<u>(948,592)</u>	<u>(1,076,227)</u>
Profit on ordinary activities before taxation		717	3,365
Tax on profit on ordinary activities	6	(150)	(698)
Profit for the financial year	12	<u>567</u>	<u>2,667</u>

The profit for the year all derives from continuing operations

There are no recognised gains or losses during the current year other than those stated above
Accordingly, no statement of total recognised gains and losses is given

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 11 to 16 form part of these financial statements

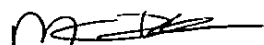
UNIFINANCE 1 LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	2009 £	2008 £
Current Assets			
Debtors Amounts falling due within one year	7	803,853	793,263
Debtors Amounts falling due after more than one year	7	14,367,446	14,978,828
Cash at bank and in hand		2,206,478	2,205,761
Total assets		17,377,777	17,977,852
Creditors Amounts falling due within one year	8	(798,877)	(788,137)
Net current assets		16,578,900	17,189,715
Creditors Amounts falling due after more than one year	9	(16,567,446)	(17,178,828)
Net Assets		11,454	10,887
Capital and Reserves			
Called-up share capital	11	1	1
Profit and loss account	12	11,453	10,886
Total shareholders' funds	13	11,454	10,887

The notes on pages 11 to 16 form part of these financial statements

These financial statements were approved by the Board of Directors and were signed on its behalf by



Mignon Clarke
Wilmington Trust SP Services (London) Limited
Director
Date 29 September 2010

UNIFINANCE 1 LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Net cash inflow from operating activities	14	717	2,252
Returns on investments and servicing of finance			
Interest received		967,206	1,083,391
Interest paid		(967,206)	(1,081,621)
Capital expenditure and financial investment			
Loan repayment received	15	588,376	527,419
Financing			
Repayment of asset backed notes	15	(588,376)	(527,419)
Increase in net cash		<u>717</u>	<u>4,022</u>

UNIFINANCE 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting Policies

The following policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

Asset Backed Fixed Rate Notes

The 6 12% Asset Backed Fixed Rate Notes have been accounted for and classified in accordance with their legal form. Finance costs relating to the Notes are recognized over the term of the Notes at a constant rate on the carrying value

Revenue Recognition

The Company's principal source of revenue is interest receivable. The Directors consider it would be misleading to classify this revenue as turnover

Interest receivable and payable are accounted for on an accruals basis

Administrative Expenses

Administrative expenses incurred by the Company are charged to the profit and loss account on an accruals basis

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2009 £	2008 £
Auditors' remuneration – audit	<u>7,000</u>	<u>17,475</u>

3 Directors' emoluments

The Directors received no remuneration in respect of their services for the year (2008: £nil)

UNIFINANCE 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**
cont'd**4 Interest receivable and similar income**

	2009	2008
	£	£
Interest receivable on loan	948,592	1,076,215
Other interest received	-	1,782
	<u>948,592</u>	<u>1,077,997</u>

5 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on loan	<u>948,592</u>	<u>1,076,227</u>

6 Taxation on the profit for the year**(a) Analysis of charge in year**

	2009	2008
	£	£
Current tax		
UK corporation tax on profits of the year	150	698
Total current tax	<u>150</u>	<u>698</u>
Deferred tax		
Timing difference originating in the year	-	-
Tax on profit on ordinary activities	<u>150</u>	<u>698</u>

(b) Factors affecting the charge in the year

	2009	2008
	£	£
Profits on ordinary activities before tax	<u>717</u>	<u>3,365</u>
Profits on ordinary activities multiplied by the standard rate of corporation tax in the UK		
- 20% to 31 March 2008	-	168
- 21% to 31 December 2009/to 31 December 2008	150	530
Current tax charge	<u>150</u>	<u>698</u>

A number of changes to the UK Corporation Tax system were announced in the 2010 Budget Report which have been enacted in the 2010 Finance Act. The impact of these is not considered to be material to the future tax charge in the UK.

Further changes were announced in the UK Government's Emergency Budget on 22 June 2010. This included a reduction in the main Corporation Tax rate from the current 28% to 24% comprising a 1% per annum reduction over the course of a four year period commencing from 1 April 2011. In addition, the rates of capital allowances on assets in the main and special pools are expected to fall from 20% to 18% and from 10% to 8% respectively from 1 April 2012. The Directors are in the process of evaluating the impact these changes will have on future tax charges.

UNIFINANCE 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 cont'd

7 Debtors

	2009 £	2008 £
Debtors: Amounts falling due within one year		
Loan receivable within one year	611,381	588,375
Other debtors	192,472	204,888
	<u>803,853</u>	<u>793,263</u>
Debtors: Amounts falling due after more than one year		
Loan receivable after more than one year	14,367,446	14,978,828
	<u>15,171,299</u>	<u>15,772,091</u>

A loan of £18,000,000 was issued in 2003 to Unifin Cityinc Limited, a fully owned subsidiary of ING Lease (UK) Limited. On 22nd December 2009 all of the share capital of Unifin Cityinc Limited was acquired by Shaftesbury Housing Association. The borrower utilised the funds to partly re-finance the purchase of the primary leases and the variation of the secondary leases with respect to two university halls of residence, namely Paul Robeson House of 1 Penton Rise London WC1 9EH and Manna Ash House of 8-20 Pocock Street London SE1 0BJ.

Unifin Cityinc Limited's obligations are secured in favour of the Bank of New York acting as trustee of the security created by or pursuant to the obligor deed of Charge (principally a first legal charge over each of the leases relating to the two halls). Bank of New York also acts as issuer trustee, note trustee, principal paying agent and account bank.

8 Creditors: amounts falling due within one year

	2009 £	2008 £
Asset Backed Notes (see note 9)	611,381	588,375
Accrued Interest	155,154	173,768
Other creditors	32,342	25,994
	<u>798,877</u>	<u>788,137</u>

UNIFINANCE 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 cont'd

9 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Asset backed notes	14,367,446	14,978,828
Reserve fund loan	2,200,000	2,200,000
	<u>16,567,446</u>	<u>17,178,828</u>

Unifinance 1 Limited issued £18,000,000 6 12% asset backed fixed rates notes (due 2031) at the issue price of 100% of their initial principal amount on 28th February 2003

The notes are being repaid (as scheduled) in part on each of the following Interest payment dates – 30 April, 31 July, 31 October and 31 January. Upon each such interest payment date, the principal amount of each note is reduced by the corresponding pro rata amount of the repayment amount and the note bears interest for the subsequent interest period on the principal amount so reduced.

As at 31 December 2009, £3,021,173 (2008 £2,432,797) of the capital element has been repaid.

The reserve fund loan represents an advance made in the principal amount of £2,200,000 by Shaftesbury Housing Association Limited to Unifinance 1 Limited to establish the reserve account. The capital element is due to be repaid on the earlier of the final maturity date of the asset backed notes or the date on which the notes are redeemed in full.

10 Maturity Profile of debt

The maturity profile of the debt is as follows

	2009 £	2008 £
Due in less than one year	611,381	588,375
Due in more than one year but less than two years	479,594	611,381
Due in more than two years but not more than 5 years	1,129,304	1,230,786
Due in more than five years	12,758,548	13,136,660
Total debt	<u>14,978,827</u>	<u>15,567,202</u>

11 Called up share capital

	2009 £	2008 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

UNIFINANCE 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 cont'd

12 Profit and loss account

	£
At 1 January 2009	10,886
Profit for the year	567
At 31 December 2009	<u>11,453</u>

13 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Balance at 1 January	10,887	8,220
Profit for the year	567	2,667
Balance at 31 December	<u>11,454</u>	<u>10,887</u>

14 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	717	1,595
Decrease in debtors	600,792	524,262
Decrease in creditors	(600,792)	(523,605)
Net cash inflow from operating activities	<u>717</u>	<u>2,252</u>

15 Reconciliation of net debt

	Balance at 1 January 2009 £	Cash flow £	Balance at 31 December 2009 £
Cash at bank and in hand	2,205,761	717	2,206,478
Loans receivable	15,567,203	(588,376)	14,978,827
Asset backed notes issued	(15,567,203)	588,376	(14,978,827)
	<u>2,205,761</u>	<u>717</u>	<u>2,206,478</u>

UNIFINANCE 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**
cont'd**16 Analysis of changes in financing during the year**

	Share capital £	Loans £	Reserve Fund Loan £
Balance at beginning of the year	1	15,567,203	2,200,000
Redemption during the year	-	(588,376)	-
Balance at end of the year	<u>1</u>	<u>14,978,827</u>	<u>2,200,000</u>

17 Financial instruments

As referred to in note 7, the proceeds from the issue of the £18,000,000 asset backed fixed rate notes were on-lent to Unifin Cityinc Limited. The interest charged on the loan to the borrower is made up of a 0.01% margin retained as profit by Unifinance No 1 Limited and the total interest payable on the related notes. Accordingly, the Directors consider that the Company is not subject to any significant risk on the fluctuation of interest rates.

18 Other related party transactions

There were no related party transactions in the year other than those disclosed in the financial statements.

19 Ultimate parent undertaking and controlling party

The Directors consider there to be no ultimate parent undertaking or controlling party.