

**UNIFINANCE 1 LIMITED**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Company number 4619780**

**SATURDAY**



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## **UNIFINANCE 1 LIMITED**

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## **UNIFINANCE 1 LIMITED**

### **DIRECTORS 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

#### **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 2010

#### **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 a subsidiary of 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

All operations are deemed to be continuing. However, during the year, all assets and liabilities have been reclassified to falling due within one year as it is expected that a refinancing of Shaftesbury Housing Association will result in the debt being repaid and the Company being wound up in the foreseeable future

#### **Directors**

The Directors who served during the year and to the date of the financial statements being approved 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 2010 are set out in the profit and loss account on page 8

The Directors recommend that no dividends be paid (2009 none)

## **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.

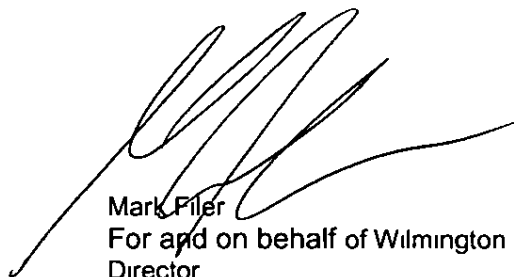
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

By order of the Board



Mark Filer  
For and on behalf of Wilmington Trust SP Services (London) Limited  
Director

24 January 2011

## **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 2010 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, 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 2010 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.


**UNIFINANCE 1 LIMITED**

**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



Andrew Hammond (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
25 January 2011

# UNIFINANCE 1 LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Administrative expenses	2	(35,636)	(42,110)
Other operating income		<u>36,005</u>	<u>42,827</u>
<b>Profit on ordinary activities before interest and taxation</b>	<b>2</b>	<b>369</b>	<b>717</b>
Interest receivable and similar income	4	895,335	948,592
Interest payable and similar charges	5	<u>(895,335)</u>	<u>(948,592)</u>
<b>Profit on ordinary activities before taxation</b>		<b>369</b>	<b>717</b>
Taxation on profit on ordinary activities	6	(78)	(150)
<b>Profit for the financial year</b>	<b>12</b>	<b><u>291</u></b>	<b><u>567</u></b>

The profit for the year all derives from continuing operations

There are no recognised gains or losses during the current or prior 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 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Current Assets</b>			
Debtors Amounts falling due within one year	7	14,410,647	803,853
Debtors Amounts fallings due after more than one year	7	-	14,367,446
Cash at bank and in hand		2,477,514	2,206,478
<b>Total assets</b>		<b>16,888,161</b>	<b>17,377,777</b>
<b>Creditors</b> Amounts falling due within one year	8	(16,876,416)	(798,877)
<b>Net current assets</b>		<b>11,745</b>	<b>16,578,900</b>
<b>Creditors</b> Amounts falling due after more than one year	9	-	(16,567,446)
<b>Net Assets</b>		<b>11,745</b>	<b>11,454</b>
<b>Capital and Reserves</b>			
Called-up share capital	10	1	1
Profit and loss account	11	11,744	11,453
<b>Total shareholders' funds</b>	12	<b>11,745</b>	<b>11,454</b>

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



Mark Filer

For and on behalf of Wilmington Trust SP Services (London) Limited  
Director

Date 24 January 2011

**UNIFINANCE 1 LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Net cash inflow from operating activities</b>	<b>13</b>	<b>271,113</b>	<b>717</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		907,457	967,206
Interest paid		(907,457)	(967,206)
<b>Capital expenditure and financial investment</b>			
Receipt from repayment of loan	<b>14</b>	<b>611,381</b>	<b>588,376</b>
<b>Financing</b>			
Repayment of asset backed notes	<b>14</b>	<b>(611,381)</b>	<b>(588,376)</b>
<b>Increase in net cash</b>		<b><u>271,113</u></b>	<b><u>717</u></b>

# **UNIFINANCE 1 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

### **1 Accounting Policies**

The following policies have been applied consistently in dealing with items which are considered to be 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

#### **Going concern**

Notwithstanding the fact that there is the intention for Unifinance 1 Limited to be wound up, the entity is viewed as a going concern by the Directors and will continue in operation for the foreseeable future

#### **Asset backed fixed rate notes**

The 6 12% asset backed fixed rate notes have been recognised in line with the directors' understanding of their current obligation to repay the debt. Finance costs including interest relating to the notes are recognised over the existing term of the notes at a constant rate on the carrying value

#### **Revenue Recognition**

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration – audit	<u>9,000</u>	<u>7,000</u>

### **3 Directors' emoluments and employee costs**

The Directors' received no remuneration in respect of their services for the year (2009 £nil). There were no recharges or expenses reimbursed during the year (2009 £nil). The company has no employees

# UNIFINANCE 1 LIMITED

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

### 4 Interest receivable and similar income

	2010 £	2009 £
Interest receivable on loan notes	<u>895,335</u>	<u>948,592</u>

### 5 Interest payable and similar charges

	2010 £	2009 £
Interest payable on loan notes	<u>895,335</u>	<u>948,592</u>

### 6 Taxation on the profit for the year

#### (a) Analysis of charge in year

	2010 £	2009 £
Current tax		
UK corporation tax on profits of the year	<u>78</u>	<u>150</u>
Total current tax	<u>78</u>	<u>150</u>
Deferred tax		
Timing difference originating in the year	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>78</u>	<u>150</u>

#### (b) Factors affecting the charge in the year

	2010 £	2009 £
Profits on ordinary activities before tax	<u>369</u>	<u>717</u>
Profits on ordinary activities multiplied by the standard rate of corporation tax in the UK - 21% to 31 December 2010/to 31 December 2009	<u>78</u>	<u>150</u>
Current tax charge	<u>78</u>	<u>150</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, however it is considered unlikely that the impact will be material to the financial statements.

# UNIFINANCE 1 LIMITED

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

### 7 Debtors

	2010 £	2009 £
<b>Debtors Amounts falling due within one year</b>		
Loan receivable within one year	14,367,446	611,381
Other debtors	43,201	192,472
	<u>14,410,647</u>	<u>803,853</u>
<b>Debtors: Amounts fallings due after more than one year</b>		
Loan receivable after more than one year	-	14,367,446
	<u>14,410,647</u>	<u>15,171,299</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 22<sup>nd</sup> 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.

Due to the intention to wind up Unifinance 1 Limited, all debtor balances have been re-classified and due within one year.

### 8 Creditors amounts falling due within one year

	2010 £	2009 £
Reserves fund loan	2,200,000	-
Asset backed notes (see note 9)	14,367,446	611,381
Accrued Interest	143,032	155,154
Other creditors	165,938	32,342
	<u>16,876,416</u>	<u>798,877</u>

As a result of the intention to wind up Unifinance 1 Limited in the foreseeable future, all associated loan balances and other creditors have been classified as due within one year. A deed of novation is currently being drawn up waiving all early repayment and exit fees upon the expected repayment of the debt. As such no associated costs have been accrued.

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 28<sup>th</sup> 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 2010, £3,632,554 (2009 £3,021,173) of the capital element has been repaid.

**UNIFINANCE 1 LIMITED****NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**  
**cont'd****8 Creditors: amounts falling due within one year cont'd**

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 notes or the date on which the notes are redeemed in full.

**9 Creditors: amounts falling due after more than one year**

	2010 £	2009 £
Asset backed fixed rate notes	-	14,367,446
Reserve fund loan	-	2,200,000
	<u>-</u>	<u>16,567,446</u>

**Maturity Profile of debt**

The maturity profile of the debt is as follows

	2010 £	2009 £
Due in less than one year	14,367,446	611,381
Due in more than one year but less than two years	-	479,594
Due in more than two years but not more than 5 years	-	1,129,304
Due in more than five years	-	12,758,548
Total debt of asset based notes	<u>14,367,446</u>	<u>14,978,827</u>

**10 Called up share capital**

	2010 £	2009 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, issued and fully paid</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

# UNIFINANCE 1 LIMITED

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

### 11 Profit and loss account

	£
At 1 January 2010	11,453
Profit for the year	291
At 31 December 2010	<u>11,744</u>

### 12 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
At 1 January 2010	11,454	10,887
Profit for the year	291	567
At 31 December 2010	<u>11,745</u>	<u>11,454</u>

### 13 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	369	717
Decrease in debtors	137,148	600,792
Increase/(Decrease) in creditors	133,596	(600,792)
Net cash inflow from operating activities	<u>271,113</u>	<u>717</u>

### 14 Reconciliation of net debt

	Balance at 1 January 2010 £	Cash flow £	Balance at 31 December 2010 £
Cash at bank and in hand	2,206,478	271,036	2,477,514
Loan issued	14,978,827	(611,381)	14,367,446
Asset backed notes issued	(14,978,827)	611,381	(14,367,446)
	<u>2,206,478</u>	<u>271,036</u>	<u>2,477,514</u>

## UNIFINANCE 1 LIMITED

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

#### 15 Analysis of changes in financing during the year

	Share capital £	Loans £	Reserve Fund Loan £
Balance at beginning of the year	1	14,978,827	2,200,000
Redemption during the year	-	(611,381)	-
Balance at end of the year	<u>1</u>	<u>14,367,446</u>	<u>2,200,000</u>

#### 16 Financial instruments

As referred to in note 6, 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 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.

#### 17 Other related party transactions

There were no related party transactions in the year (2009: none).

#### 18 Ultimate parent undertaking and controlling party

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